CALIFORNIA REGIONAL ECONOMIES PROJECT

ECONOMIC PROFILE: SOUTHERN BORDER REGION

Prepared for the

CALIFORNIA ECONOMIC STRATEGY PANEL

DECEMBER 2007

California Economic Strategy Panel

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CALIFORNIA ECONOMIC STRATEGY PANEL

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PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Southern Border Region from 2001 to 2005. The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002 and the 2001-2004 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions had been significantly redefined by 1998, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide,* is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings. With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic base reports, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

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INTRODUCTION

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In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

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Data Sources

The Quarterly Census of Employment and Wages (QCEW) data is the source for the private industry data, which uses the North American Industry Classification System (NAICS) coding system. The Current Employment Statistics (CES) data is the source for all levels of government employment data. The CES data does not offer wage information, so the government wage information in this report was taken from the federal Bureau of Labor Statistics (BLS) QCEW non-confidential data available online. A more detailed explanation of the data sources is available in the statewide report.

Industry Clusters versus Sectors

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care.

An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Project adds additional considerations that focus on employment opportunities for regional residents.

Definition of the Economic Base Industries

Economists divide industries into two groups; export-oriented and local-serving (also referred to as population-driven). Export-oriented industries are industries that sell a large portion of their goods and services to people and businesses in markets outside of the region, creating capital (bringing capital into) the region. Local-serving industries are industries that sell their goods and services to people and businesses in markets within the region. These industries do not typically create new capital for the region, but recirculate it within the region.

In the economic base reports completed in 2004, the two principal researchers who provided the analyses did not agree on a common definition of an area's economic base. One favored the traditional approach, while the researcher analyzing the rural regions felt that there were key local-serving industries that were critical to these rural regions and should be included in the economic base.

For the economic base reports completed in 2006, we chose to include some industries in our definition of the economic base that are not traditionally included. We acknowledged that this use of the term, "economic base," conflicted with the standard definition, and that we chose to redefine it for the purpose of those reports. We promised to revisit this issue, and have done so for the current reports.

The current reports begin with an overview of the economy and all major industry sectors. Next, we provide an analysis of the economic base. In order to recognize and reconcile past researchers' differences regarding the definition of the economic base, we have chosen to use the traditional definition of economic base for this section (as found in the economic base reports produced in 2004 for the urban regions) and to then follow it with a separate section that provides an in-depth analysis of other key industries and industry clusters that are also important to the region's economy – drawing from the reasoning behind the expanded definitions of the economic base used in some of the past reports. We do this in order to incorporate the traditional approach in a meaningful way for those who prefer that approach, while recognizing the importance of seeking alternative ways to view the economy.

A detailed discussion of the definition of the economic base and the differences between the previous and current reports is available in the statewide report.

Manufacturing

Manufacturing is a cornerstone of the economy. Changes in employment within Manufacturing are closely monitored. Therefore, it is important to note that the employment counts reported for Manufacturing may be impacted by two key factors.

First, some Manufacturing firms may report all of their employment in a given location as manufacturing, while not all of the work actually being done at that location is manufacturing. (This may be true for other industries, as well.) Firms are encouraged to report employment under multiple industry codes in order to most accurately capture the type of employment; however, this is somewhat at the firm's discretion.

Second, there is a growing percentage of manufacturing jobs being filled by the Employment Services industry,* suggesting that Manufacturing firms are relying more heavily on the use of temporary workers. These workers are reported as employees of the Employment Services firm, thus affecting the count of manufacturing jobs.

* US Department of Labor, Bureau of Labor Statistics, *Career Guide to Industries: Employment Services*

THE SOUTHERN BORDER REGION

The Southern Border Region includes two counties — Imperial and San Diego. This region accounted for about 9% of California's jobs (2005) and almost 9% of its population (2005). In 2005, the region's unemployment rate was 4.8%. This region had the lowest unemployment rate of the nine regions, well under the state average of 5.4%.

From 1990 to 2003, the Southern Border Region experienced job growth of almost 25%, as reported in the economic base report prepared in 2004. From 2001 to 2005, job growth has continued, increasing by 5.7%. During this time, private industry jobs increase by 6.8% and Government jobs increased by 0.9%.

The Southern Border Region ranked third in employment growth among the nine regions for this period, and third in population growth.

Figure 1 Characteristics of the Southern Border Region

Characteristics of the Southern Border Region

(Numbers are in thousands, except for dollar amounts)

	Southern Border	California	So. Border as % of CA
Population (2005)	3,092	36,154	9%
Labor Force (2005)	1,567	17,696	9%
Unemployment Rate (2005)	4.8%	5.4%	88%
Private Sector Jobs (2005)	1,116	12,828	9%
Manufacturing Jobs* (2005)	106.8	1,498.7	7%
Per Capita Income (2005)	$ 39,628	$ 36,936	107%
Average Wage (2005)	$ 42,485	$ 45,686	93%

Source: Jobs, Labor Force, Unemployment Rate and Average Wage – California Employment Development Department, Labor Market Information Division; Population and Per Capita Income – U.S. Bureau of Economic Analysis
* Manufacturing Jobs reported here are traditional production jobs (NAICS 31-33).

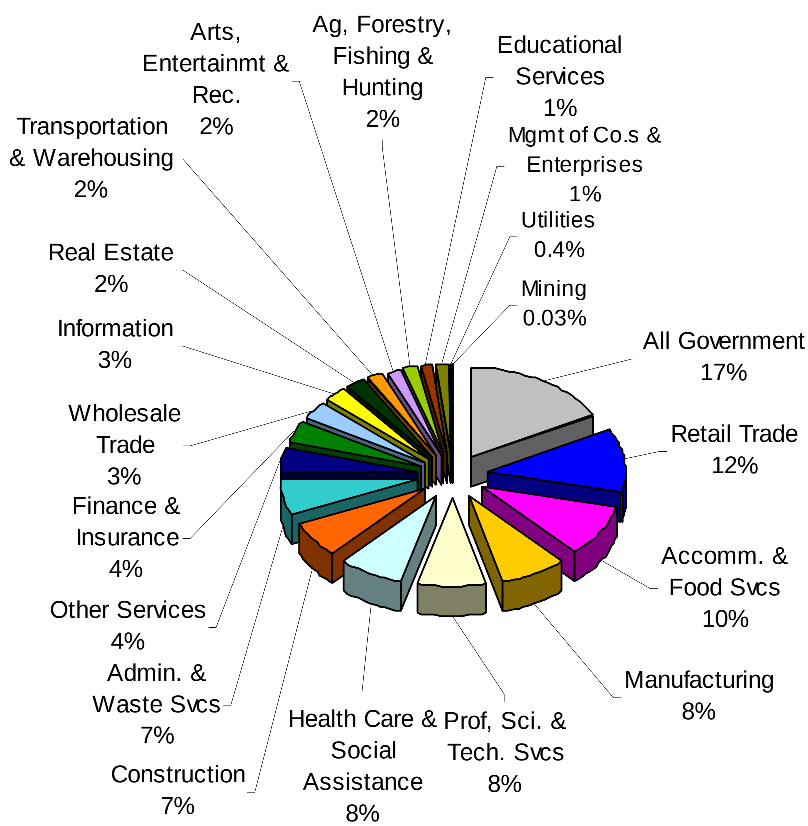
Employment Size

All Government provides the largest number of the region's jobs, with 231,900 jobs in 2005, or 17.2% of all jobs in the region. All Government reported 0.9% growth from 2001 to 2005. Within All Government, the largest sub-sector is Local Government, with 149,500 jobs in 2005.

The second largest sector is Retail Trade, providing almost 155,100 jobs, or 11.5% of all jobs in the region. This industry reported job growth of 9.2% from 2001 to 2005. The largest sub-sector within Retail Trade is General Merchandise Stores, followed by Food & Beverage Stores.

The third largest sector is Accommodation & Food Services, with almost 128,300 jobs (9.5% of all jobs in the region), followed by Manufacturing (7.9% of all jobs), Professional, Scientific & Technical Services (7.9%), and Health Care & Social Assistance (7.7% of all jobs). **Figure 2** shows employment distribution across the major industry sectors.

Figure 2 Employment Distribution

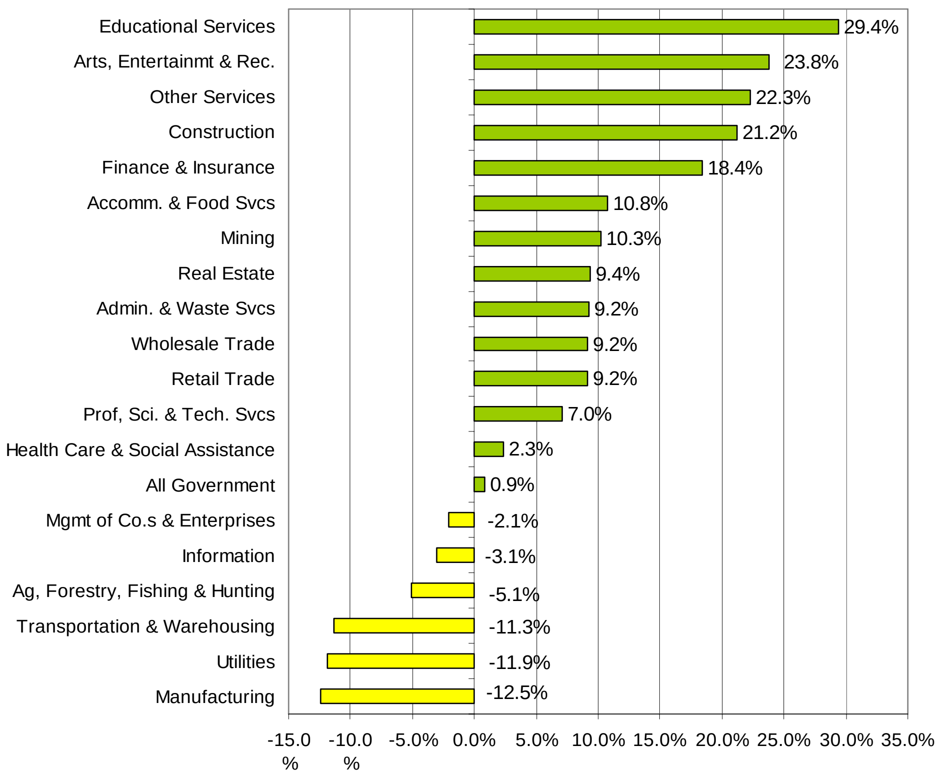


Of the 20 major sectors, 14 reported job gains from 2001 to 2005. The sector reporting the greatest number of jobs gained was Construction, up over 16,200 jobs. This was followed by Retail Trade, up 13,000 jobs; Accommodation & Food Services, up 12,500 jobs; and, Other Services, up about 10,500jobs.

Growth Rate

Educational Services reported the strongest employment growth from 2001 to 2005, based on percentage of growth, at 29.4%, for an average annual growth rate (AAGR) of 6.6%. The second greatest job growth was reported by Arts, Entertainment & Recreation, up 23.8% from 2001 to 2005, for an AAGR of 5.5%. This was followed by Other Services, up 22.3% (5.2% AAGR), and Construction, up 21.2% (4.9% AAGR). Growth for all industry sectors may be found in **Figure 3**.

Figure 3 Employment Growth 2001 - 2005



Concentration or Competitive Advantage

The concentration of jobs in an industry in a region, compared to the concentration at the state level, is another indicator of an industry's importance to the region's economy. A concentration level higher than 1.0 may indicate that the region has a competitive advantage in that industry; it may also indicate that the goods and services being produced are being consumed outside of the region.

In the Southern Border Region, at the major sector level, Professional, Scientific, & Technical Services reported the highest concentration in 2005, at 1.3. Next were Real Estate & Rental & Leasing, Accommodation & Food Services and Construction, all with concentrations of 1.2. Later in this section, the concentration will be presented for the industry group level (3-digit NAICS code level), which will reveal more in-depth information on important industries. The concentration for the ten largest industries is included in **Figure 4**.

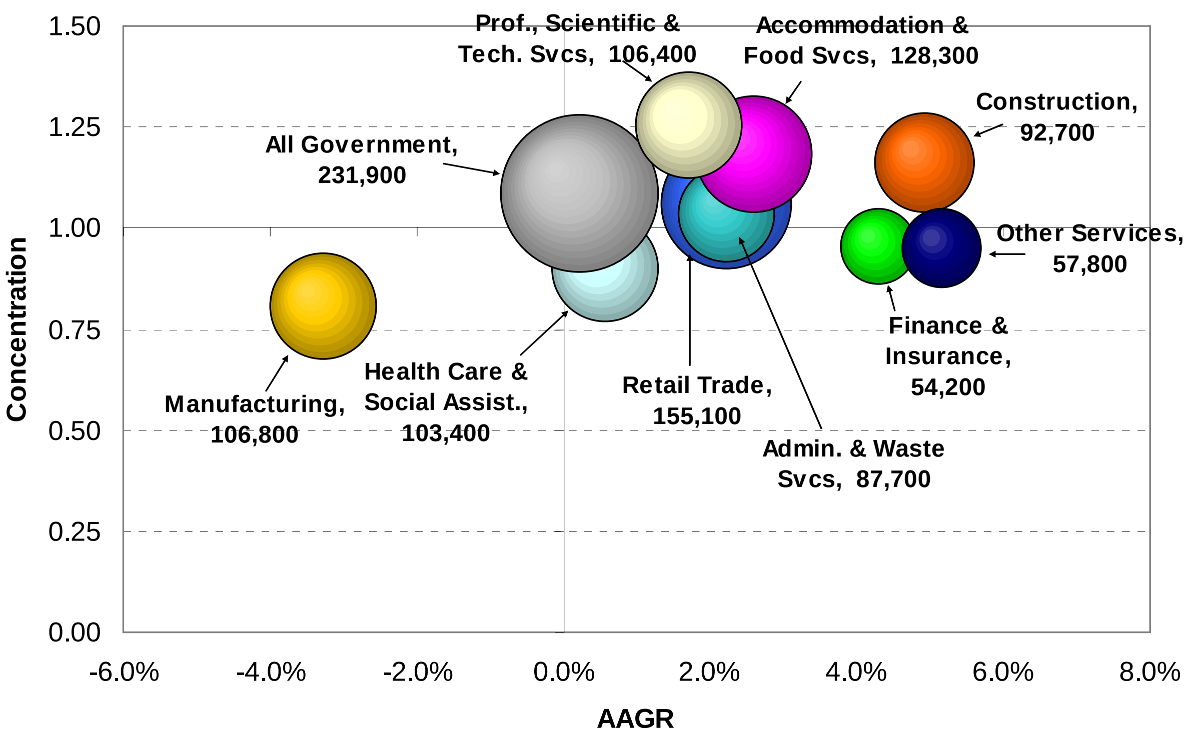
Comparing Size, Growth and Concentration

The bubble chart in **Figure 4** shows employment change from 2001 to 2005 for the region's ten largest industry sectors (based on employment size). This type of chart displays three important criteria in one chart – employment size, growth rate and concentration.

Interpreting the chart:

- The size of the bubble represents the employment size of the industry.
- The position from left to right indicates the employment change – to the left of zero means job losses, and to the right means job growth. The average annual growth rate (AAGR) is graphed as a percentage.
- The vertical position indicates the concentration of the industry in the region; the higher the bubble, the greater the concentration. A concentration greater than 1.0 means the region has a higher concentration of jobs in that industry than is found statewide. Industries highly concentrated in a region are important to the region, even if they are not the largest in employment size.

Figure 4 Size, Growth and Concentration of the Ten Largest Industries



For the ten largest industry sectors:

- All Government was the largest sector, but experienced less than 1% employment growth.
- Other Services and Construction reported the fastest growth rates.
- Professional, Scientific & Technical Services and Accommodation & Food Services reported the highest concentrations of the top ten sectors.

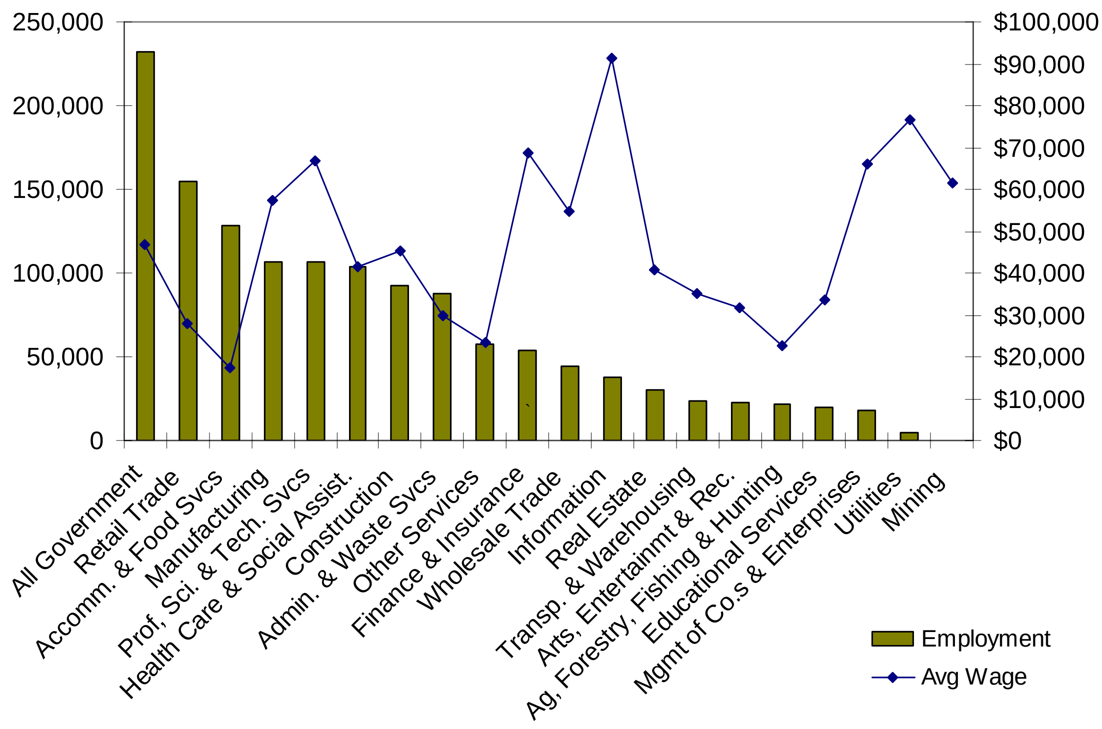
o Nine of the ten largest sectors reported job growth from 2001 to 2005. Only Manufacturing reported job losses.

Average Wages

Another important factor to consider is how well an industry pays. In 2005, the average annual wage across all private industries in the Southern Border Region was $42,485, compared to the statewide average of $45,686. The Southern Border Region ranks third among the nine economic regions, behind the Bay Area and Southern California Regions.

At the major sector level, the highest average annual wage of $91,495 was reported by Information, followed by Utilities ($76,586), and Finance & Insurance ($68,832). The lowest, $17,230, was reported by Accommodation & Food Services. The average annual wage in the government sector – the region's largest employer – was $46,966. **Figure 5** compares 2005 employment with the average annual wages reported by each industry sector.

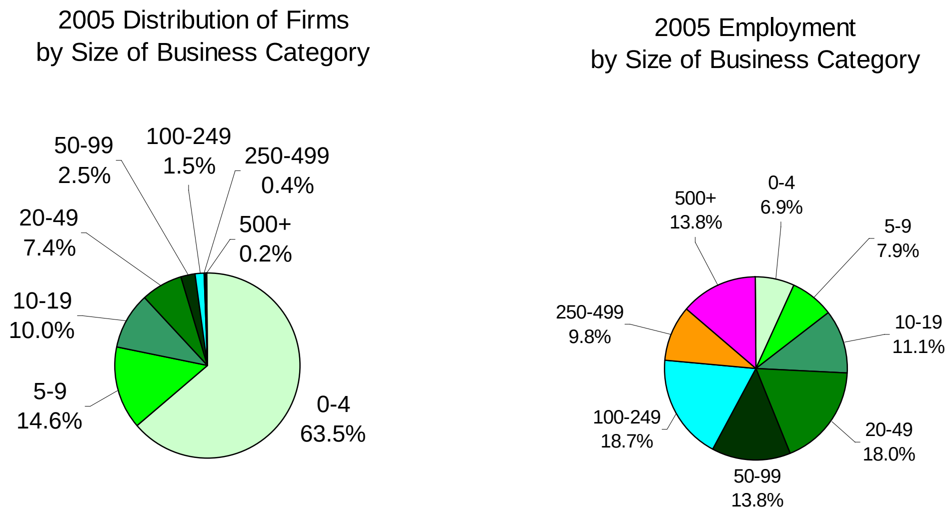
Figure 5 2005 Employment and Average Annual Wages



Size of Business

From 2001 to 2005, the percentage of businesses with fewer than 100 employees remained constant within the region at 97.8% in 2001 and 97.9% in 2005. The businesses with fewer than 100 employees provided 51.1% of all private industry jobs in 2005. In contrast, about 2.1% of all businesses in the Southern Border Region employ 100 or more workers, and these businesses provide 48.9% of the region's private sector jobs.

Figure 6 Distribution of Firms and Jobs by Size of Business in 2005



Businesses with fewer than 50 employees provided 43.9% of all private industry jobs in 2005. Looking at the smallest firms, those with fewer than 10 employees provided 14.8% of all private industry jobs. Mining reported the highest percentage of businesses with fewer than 100 employees, at 100%, followed by Other Services, at 99.8%, Real Estate & Rental & Leasing, at 99.3%, and Wholesale Trade, at 98.6%. Utilities reported the lowest percentage, at 85%.

Figure 7 provides a summary of economic facts for all of the industry sectors.

Figure 7 Industry Composition in 2005

NAICS	Major Industry Sector	% of Employ-ment	Avg. Annual Growth Rate	2005 LQ*	Avg. Annual Wage	Firms with less than 100 employees	Firms with less than 50 employees
11	Ag, Forestry, Fishing & Hunting	1.6%	-1.3%	0.6	$ 22,520	97.2%	93.8%
21	Mining	0.0%	2.5%	0.2	$ 61,637	100.0%	100.0%
22	Utilities	0.4%	-3.1%	1.0	$ 76,586	85.0%	85.0%
23	Construction	6.9%	4.9%	1.2	$ 45,441	97.6%	94.6%
31-33	Manufacturing	7.9%	-3.3%	0.8	$ 57,180	94.0%	88.4%
42	Wholesale Trade	3.3%	2.2%	0.7	$ 54,714	98.6%	96.2%
44-45	Retail Trade	11.5%	2.2%	1.1	$ 28,023	96.5%	92.6%
48-49	Transportation & Warehousing	1.7%	-3.0%	0.6	$ 35,198	97.5%	93.5%
51	Information	2.8%	-0.8%	0.9	$ 91,495	94.9%	90.8%
52	Finance & Insurance	4.0%	4.3%	1.0	$ 68,832	98.4%	96.5%
53	Real Estate & Rental & Leasing	2.3%	2.3%	1.2	$ 40,843	99.3%	98.3%
54	Prof., Scientific & Technical Svcs	7.9%	1.7%	1.3	$ 66,952	98.3%	96.4%
55	Management of Co.s & Enterprises	1.3%	-0.5%	0.9	$ 65,902	88.5%	77.1%
56	Administrative & Waste Services	6.5%	2.2%	1.0	$ 29,868	95.1%	90.9%
61	Educational Services	1.5%	6.6%	0.9	$ 33,691	96.5%	92.2%
62	Health Care & Social Assistance	7.7%	0.6%	0.9	$ 41,552	97.7%	95.5%
71	Arts, Entertainment, & Recreation	1.7%	5.5%	1.1	$ 31,584	96.5%	89.5%
72	Accommodation & Food Services	9.5%	2.6%	1.2	$ 17,230	97.1%	90.7%
81	Other Services	4.3%	5.2%	1.0	$ 23,369	99.8%	99.6%
	All Government	17.2%	0.2%	1.1	$ 46,966	N/A	N/A

* LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Figure 8 shows the rankings for all major industry sectors in four important areas; employment size, growth rate, concentration and wages.

Figure 8 Rankings

NAICS	Major Industry Sector	Employmt Size (2005)	AAGR*	2005 LQ**	Avg. Wage
11	Agriculture, Forestry, Fishing & Hunting	16	17	18	19
21	Mining	20	7	20	6
22	Utilities	19	19	9	2
23	Construction	7	4	4	10
31-33	Manufacturing	4	20	16	7
42	Wholesale Trade	11	10	17	8
44-45	Retail Trade	2	11	7	17
48-49	Transportation & Warehousing	14	18	19	13
51	Information	12	16	13	1
52	Finance & Insurance	10	5	10	3
53	Real Estate & Rental and Leasing	13	8	2	12
54	Prof., Scientific, & Technical Services	5	12	1	4
55	Management of Co.s & Enterprises	18	15	14	5
56	Administrative & Waste Services	8	9	8	16
61	Educational Services	17	1	12	14
62	Health Care & Social Assistance	6	13	15	11
71	Arts, Entertainment, & Recreation	15	2	5	15
72	Accommodation & Food Services	3	6	3	20
81	Other Services	9	3	11	18
	All Government	1	14	6	9

** AAGR – Average Annual Growth Rate*

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.*

Private Industry Sub-sectors and Industry Groups

While it is important to understand the economy at the major sector level, additional insight may be gained by looking at the sub-sector level, across all sectors. In the NAICS coding system, the three-digit level is the sub-sector level, and the four-digit level is the industry group level. The following explores the three- and four-digit levels in order to look within the major sectors to see specific sub-sectors and industry groups reporting significant employment, concentration and growth.

The ten largest sub-sectors (based on their employment size in 2005) provide 39.5% of the region's jobs:

- Professional, Scientific & Technical Services (NAICS 541) provides 7.9% of the jobs;
- Food Services & Drinking Places (NAICS 722) provides 7.4% of the jobs;
- Administrative & Support Services (NAICS 561) provides 6.3% of the jobs;
- Specialty Trade Contractors (NAICS 238) provides 4.5% of the jobs;
- Ambulatory Health Care Services (NAICS 621) provides 3.3% of the jobs;
- Accommodation (NAICS 721) provides 2.1% of the jobs;
- Credit Intermediation & Related Activities (NAICS 522) provides 2.1% of the jobs;
- General Merchandise Stores (NAICS 452) provides 2% of the jobs;
- Computer & Electronic Product Manufacturing (NAICS 334) provides 2% of the jobs.
- Food & Beverage Stores (NAICS 445) provides 2% of the jobs.

The ten sub-sectors with the highest concentration[1], or greatest competitive advantage, (and representing at least 0.05% of the region's jobs in 2005) were:

- Scenic & Sightseeing Transportation (NAICS 487) with a concentration of 3.1;
- Museums, Historical Sites & Similar Institutions (NAICS 712) with a concentration of 2.6;
- Accommodation (NAICS 721), with a concentration of 1.6;
- Telecommunications (NAICS 517) with a concentration of 1.6;
- Internet Publishing & Broadcasting (NAICS 516) with a concentration of 1.6;
- Miscellaneous Manufacturing (NAICS 339) with a concentration of 1.4;
- Heavy & Civil Engineering Construction (NAICS 237) with a concentration of 1.3;
- Real Estate (NAICS 531) with a concentration of 1.3;
- Professional, Scientific, & Technical Services (NAICS 541) with a concentration of 1.3; and,
- Personal & Laundry Services (NAICS 812) with a concentration of 1.3.

The top ten fastest growing sub-sectors from 2001 to 2005, and providing at least 0.05% of the region's jobs, were:

- Internet Publishing & Broadcasting (NAICS 516), with a 28.7% average annual growth rate (AAGR);
- Funds, Trusts & Other Financial Vehicles (NAICS 525), with a 16.7% AAGR;
- Wholesale Electronic Markets & Agents & Brokers (NAICS 425), with an 16.3% AAGR;
- Private Households (NAICS 814), with a 13.9% AAGR;
- Amusement, Gambling & Recreation Industries (NAICS 713), with a 7.9% AAGR;
- Construction of Buildings (NAICS 236), with a 7.4% AAGR;
- Broadcasting (except Internet) (NAICS 515), with a 7.3% AAGR.
- Educational Services (NAICS 611), with a 6.6% AAGR;
- Credit Intermediation & Related Activities (NAICS 522), with a 6.5% AAGR; and,
- General Merchandise Stores (NAICS 452), with a 5.7% AAGR.

The top ten best-paying sub-sectors in 2005, and providing at least 0.05% of the region's jobs, were:

- Telecommunications (NAICS 517), with an average annual wage of $130,672;
- Securities, Commodity Contracts & Other Financial Investments and Related Activities (NAICS 523), $105,805;
- Computer and Electronic Product Manufacturing (NAICS 334), $82,320;
- Internet Publishing & Broadcasting (NAICS 516), $80,922;
- Internet Service Providers, Web Search Portals & Data Processing Services (NAICS 518), $80,706;
- Performing Arts, Spectator Sports, and Related Industries (NAICS 711), $76,713;
- Utilities (NAICS 221), $76,586;
- Chemical Manufacturing (NAICS 325), $70,773;
- Machinery Manufacturing (NAICS 333), $70,127; and,
- Publishing Industries (except Internet) (NAICS 511), $68,418.

[1] A concentration greater than 1.0 means the region has a higher concentration of jobs in that industry than is found statewide. Industries highly concentrated in a region are important to the region, even if they are not the largest in employment size.

Looking at the four-digit NAICS level, at private sector industry groups, **Figure 9** shows facts about the top 20 fastest growing industry groups, where the industry groups provided at least 0.01% of the region's employment. Some of these industry groups are very small in employment, but may warrant watching due to the very high growth reported from 2001-2005.

Figure 9 Top 20 Fastest Growing Industry Groups

NAICS	Industry Group	2005 Empl.*	2001-2005 AAGR	2005 Avg. Annual Wage
3116	Animal Slaughtering & Processing	S	77.7%	$ 25,032
3255	Paint, Coating & Adhesive Mfg	330	42.9%	$ 39,897
7131	Amusement Parks & Arcades	4,120	40.7%	$ 18,452
5161	Internet Publishing & Broadcasting	850	28.7%	$ 80,922
5621	Waste Collection	1,000	25.0%	$ 43,959
5259	Other Investment Pools & Funds	570	25.0%	$ 73,186
4245	Farm Product Raw Material Merchant Wholesalers	70	21.6%	$ 73,690
1111	Oilseed & Grain Farming	240	19.4%	$ 40,712
4855	Charter Bus Industry	610	19.1%	$ 24,907
6222	Psychiatric & Substance Abuse Hospitals	S	18.4%	$ 37,935
6112	Junior Colleges	310	17.6%	$ 29,840
4251	Wholesale Electronic Markets & Agents & Brokers	6,150	16.3%	$ 55,836
5152	Cable & Other Subscription Programming	S	15.5%	$ 51,079
3212	Veneer, Plywood & Engineered Wood Product Mfg	390	13.9%	$ 37,651
8141	Private Households	14,160	13.9%	$ 14,229
5222	Nondepository Credit Intermediation	11,010	13.1%	$ 78,094
3279	Other Nonmetallic Mineral Product Mfg	870	13.1%	$ 31,786
5611	Office Administrative Services	5,080	12.9%	$ 55,277
7115	Independent Artists, Writers & Performers	710	12.1%	$ 47,512
4851	Urban Transit Systems	620	11.8%	$ 29,795

- Employment rounded to nearest 10. "S" means the data is suppressed for confidentiality.

REGIONAL SNAPSHOT 2006 & 2007

*This snapshot provides estimates of employment change since 2005, to see what effects recent events may be having on the economy, as well as any lingering effects of the 2001 recession. This analysis uses a different data source than that used for the main report, so the findings for each time period are reported separately.**

For the Southern Border Region, a look at recent preliminary data shows that the employment growth seen from 2001 to 2005 has continued in 2006 and 2007. Overall, nonfarm employment grew by 1.5% from 2005 to 2006, and again by 1.1% into 2007. From 2001 to 2005 and in 2006, nine of the eleven super sectors reported job growth; and in 2007, eight reported growth.

Of particular interest, Construction and Financial Activities growth slowed in 2006, and reversed in 2007 with both reporting job losses. These changes may be related to the housing downturn. In Manufacturing, the decline in employment has continued, although losses have only been around 1%. Also, Natural Resources & Mining reported strong growth in 2006 and into 2007, although a small sector.

The following table summarizes employment change from 2001 to 2007. For 2001 through 2006, annual employment was compared; for 2006 to 2007, monthly employment data from July of each year was compared.

SOUTHERN BORDER	2001-2005	2005-2006	July06-July07
Total Nonfarm	**4.8%**	**1.5%**	**1.1%**
Natural Resources & Mining	10.3%	25.0%	25.0%
Construction	21.2%	2.0%	-3.9%
Manufacturing	-12.5%	-0.6%	-1.1%
Trade, Transportation, & Utilities	6.1%	0.9%	0.5%
Information	-3.1%	-0.5%	0.5%
Financial Activities	15.0%	0.6%	-1.8%
Professional & Business Services	7.1%	1.8%	2.1%
Educational & Health Services	5.9%	1.8%	2.1%
Leisure & Hospitality	12.6%	4.5%	4.4%
Other Services	9.5%	0.4%	2.2%
Government	0.9%	1.4%	2.0%

** The source for the 2006 and 2007 data is the Current Employment Statistics (CES) program. The source of the CES data differs from the primary source of data for this Economic Profile report, the Quarterly Census of Employment and Wage (QCEW) data, and information provided here may differ from the QCEW data released in the future for 2006 and 2007. Because the methodology behind the two data sources is different, the CES data is not commingled with the QCEW data in other sections of this report. This data was provided by the CES Unit at the LMID. The data used for the main report was summarized to match the definitions used in the CES data so that comparisons could be made regarding growth. For example, the CES data does not include the Private Households industry employment in the totals for the Other Services sector, as the Private Households industry only reports employment annually and data is not available for the CES monthly estimates.*

THE ECONOMIC BASE

The economic base is traditionally considered to be made up of export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. While the past economic base reports have varied in how they defined the economic base, we have decided to use the more traditional definition for this section of the report. Other industries that are also important to the region will be discussed in a later section.

The following sectors make up the economic base:

High Tech Manufacturing
Diversified Manufacturing
Wholesale Trade & Transportation
Professional, Business & Information Services
Tourism & Entertainment
Federal Government (Defense & Other Federal Government)
Resource Based

The Southern Border Region's economic base industries provided about 367,500 jobs in 2005 (some employment was suppressed due to confidentiality within the Resource Based sector), or 27.4% of the region's jobs. From 2001 to 2005, the economic base industries reported overall job growth of about 3,100 jobs, up 1%. Three of the seven sectors in the economic base reported job growth during this period, including Professional, Business & Information Services, Tourism & Entertainment and Wholesale Trade & Transportation.

The Professional, Business & Information Services sector is the largest component of the region's economic base, reporting almost 157,000 jobs in 2005. The sector reported job growth of over 7,200 jobs from 2001 to 2005, up 4.8%.

The second largest component of the economic base is Tourism & Entertainment, with almost 46,400 jobs in 2005, followed closely by Wholesale Trade & Transportation with over 46,300 jobs. Both of these sectors reported job growth from 2001 to 2005, of almost 5,200 and 3,200 jobs respectively. Federal Government (Defense & Other Federal Government) is the fourth largest component of the economic base, providing 39,600 jobs in 2005, but with a loss of 500 jobs from 2001 to 2005.

Each region's economic base is unique in that the distribution of employment differs from region to region. **Figure 10** shows the distribution of jobs in 2005 and **Figure 11** shows employment from 2001 to 2005 for the Southern Border Region's economic base.

Figure 10 Economic Base Employment 2005

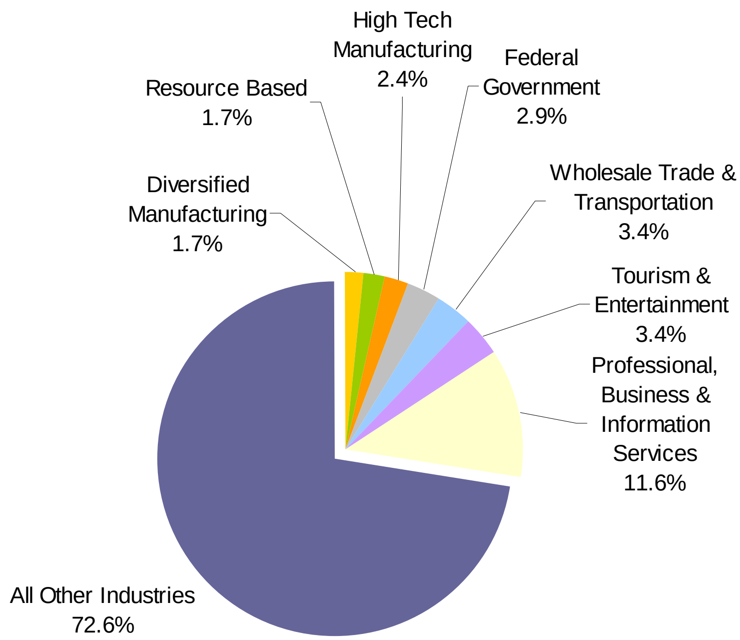
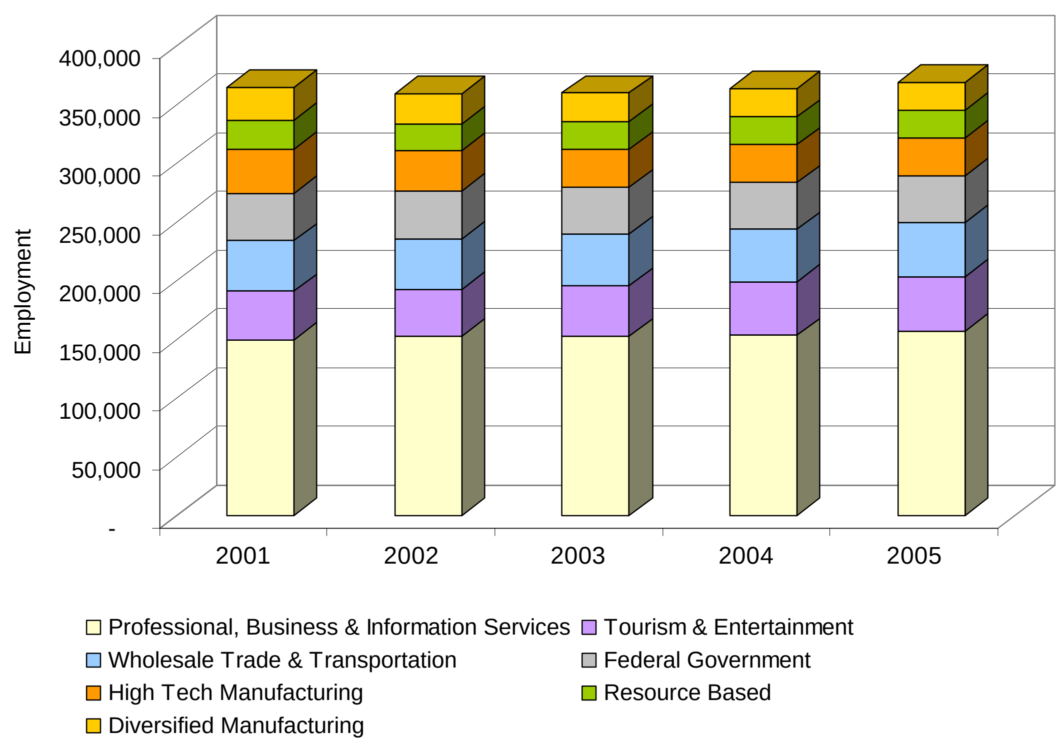


Figure 11 Economic Base Employment 2001-2005



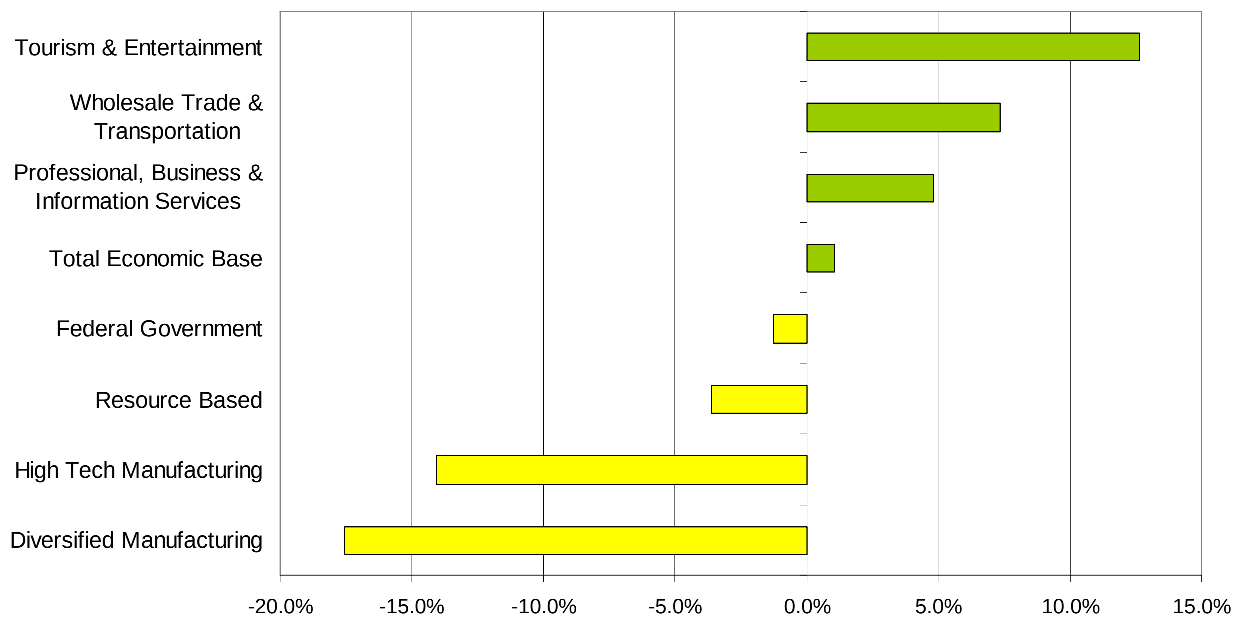
In addition to employment size, job growth is another important factor. For the period 2001 to 2005, three of the seven sectors of the economic base reported job growth. Tourism & Entertainment reported the fastest growth (highest percentage of job growth) for this period, up 12.6%. This was followed by Wholesale Trade & Transportation, up 7.4%, and Professional, Business & Information Services, up 4.8%.

Of the remaining four sectors, Federal Government (Dept of Defense & Other Federal) reported the smallest percentage of job losses, down 1.2%, while Diversified Manufacturing reported the greatest percentage of losses, down 17.6%.

Looking across all sub-sectors in the economic base, the greatest number of jobs gained was reported by Architectural, Engineering & Related Services, up 4,900 jobs from 2001 to 2005. The greatest percentage of jobs gained was reported by Animal Slaughtering and Processing, up 898%; employment was suppressed for this industry, due to confidentiality.

Figure 12 shows job growth for each component of the economic base, from 2001 to 2005.

Figure 12 Job Growth 2001 - 2005



Size of Business

From 2001 to 2005, the percentage of economic base businesses with fewer than 100 employees remained fairly constant, from 96.3% in 2001 to 96.6% in 2005. These businesses provided 47.7% of the economic base employment in 2001, and 47.9% of the base employment in 2005. In contrast, only 3.4% of the private sector businesses in the economic base employ 100 or more workers in 2005, and these businesses provide 52.1% of the economic base's private sector jobs.

Figure 13 Distribution of Firms and Jobs in the Economic Base by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	58.8%	5.1%
5-9	15.3%	5.8%
10-19	10.3%	8.0%
20-49	8.5%	14.7%
50-99	3.6%	14.4%
100-249	2.4%	20.2%
250-499	0.6%	12.0%
500+	0.4%	19.9%

Businesses with fewer than 50 employees provided 33.6% of all (private) economic base jobs in 2005; in comparison, businesses with fewer than 50 employees provided 43.9% of all private industry jobs in the region. Looking at the smallest firms, those with fewer than 10 employees provided 10.9% of all (private) economic base jobs.

The Wholesale Trade & Transportation sector reported the highest percentage of businesses with fewer than 100 employees, at 98.4%, followed by Professional, Business & Information Services at 97.0%. High Tech Manufacturing reported the lowest percentage, at 86.0%. The percentage of economic base firms that are businesses with fewer than 100 employees and fewer than 50 employees, by industry sector, is included in **Figure 14**.

Figure 14 provides a summary of facts for the economic base industries (some employment is suppressed at the sub-sector level, due to confidentiality, in the Resource Based sector):

Figure 14 Economic Base

Sector	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with less than 100 employees	Firms with less than 50 employees
High Tech Manufacturing	182,500	-13.3%	0.9	$ 79,128	86.0%	75.9%
Diversified Manufacturing	272,700	-16.5%	1.4	$ 37,418	94.9%	89.0%
Wholesale Trade & Transportation	387,500	0.5%	1.1	$ 52,518	98.4%	95.7%
Professional, Business & Information Svcs	699,300	-0.6%	1.0	$ 55,897	97.0%	94.2%
Tourism & Entertainment	297,700	13.3%	1.2	$ 50,099	96.0%	91.3%
Government, Defense & Other Fed. Govt.	91,200	-0.1%	0.8	$ 48,870	Not Available	Not Available
Resource Based	77,100	-3.1%	0.4	$ 32,068	93.6%	86.7%
Total Economic Base* **	**2,008,100**	**-2.5%**	**1.0**	**$ 79,128**	**96.8%**	**93.2%**

* Employment rounded to nearest 100. Total employment may not equal sum of sectors due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** The average annual wage for the total economic base was calculated using only private industry wage and employment information.

The Base Multiplier

One method for estimating the impact of the basic sector upon the local economy is the Base Multiplier. The Base Multiplier can provide insight as to how many non-basic jobs (jobs created in those industries not considered a part of the economic base) are created by one economic base job. The base multiplier is calculated by dividing the total employment by the economic base employment for a given year.

The Base Multiplier factor for the Southern Border Region for 2001 through 2005 was:

Figure 15 Base Multiplier 2001 - 2005

Year	2001	2002	2003	2004	2005
Base Multiplier	3.49	3.59	3.63	3.65	3.65

This suggests that about 3 ½ jobs were created in non-basic industries for every economic base job created in 2001. This has increased slightly to about 3 2/3 jobs created in non-basic industries for every base job created in 2005.

The following provides a more in-depth look at each component of the economic base.

HIGH TECH MANUFACTURING

The High Tech Manufacturing component of the economic base includes Computer & Peripheral Equipment Manufacturing; Communications Equipment Manufacturing; Semiconductor & Other Electronic Component Manufacturing; Navigational, Measuring, Electromedical and Control Instruments Manufacturing; Aerospace Product & Parts Manufacturing; and, Pharmaceutical & Medicine Manufacturing. In 2005, this sector provided over 32,600 jobs.

Overall, this sector reported job losses of over 5,300 jobs, down 14% from 2001 to 2005. Of the six industry groups within High Tech Manufacturing, only Navigational, Measuring, Electromedical & Control Instruments Manufacturing reported job gains, up by almost 900 jobs, or 13.5%.

Job losses in High Tech Manufacturing were led by losses in Computer & Peripheral Equipment Manufacturing,, down over 2,200 jobs, or 40.8%. This was also the greatest percentage of jobs lost. The next greatest losses were reported by Semiconductor & Other Electronic Component Manufacturing, down 2,100 jobs, or 21.8%.

Within High Tech Manufacturing, most of the jobs are found in Semiconductor & Other Electronic Component Manufacturing, followed by Navigational, Measuring, Electromedical, and Control Instruments Manufacturing.

The region has a slightly lower concentration of jobs in High Tech Manufacturing (0.9 LQ) than found at the statewide level; however, it has higher concentrations in Communications Equipment Manufacturing (2.0 LQ) and Pharmaceutical & Medicine Manufacturing (1.1 LQ). **Figure 18** provides the concentration for all High Tech Manufacturing industries.

In 2005, the average annual wage for this sector was $79,446. At the industry group level, average annual wages ranged from a high of $95,808 reported by Computer & Peripheral Equipment Manufacturing, to a low of $70,856 reported by Semiconductor & Other Electronic Component Manufacturing, which is still much higher than the overall average annual wage of $42,485 for all private industries in the region.

Figure 16 High Tech Manufacturing 2005 Employment & Average Wages

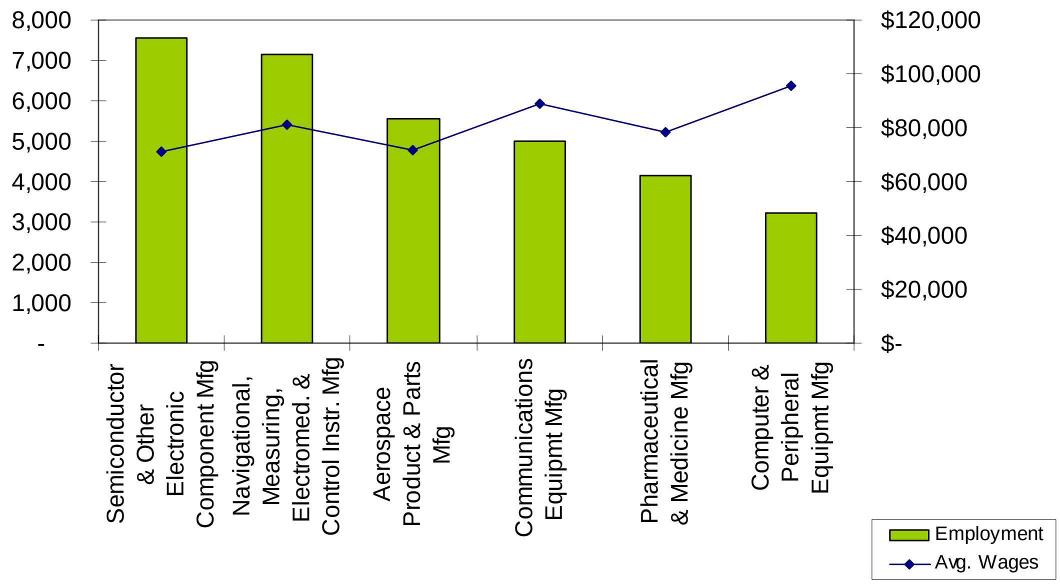


Figure 17 shows employment change from 2001 to 2005 for the industries in High Tech Manufacturing.

Figure 17 High Tech Manufacturing Industries Employment 2001-2005

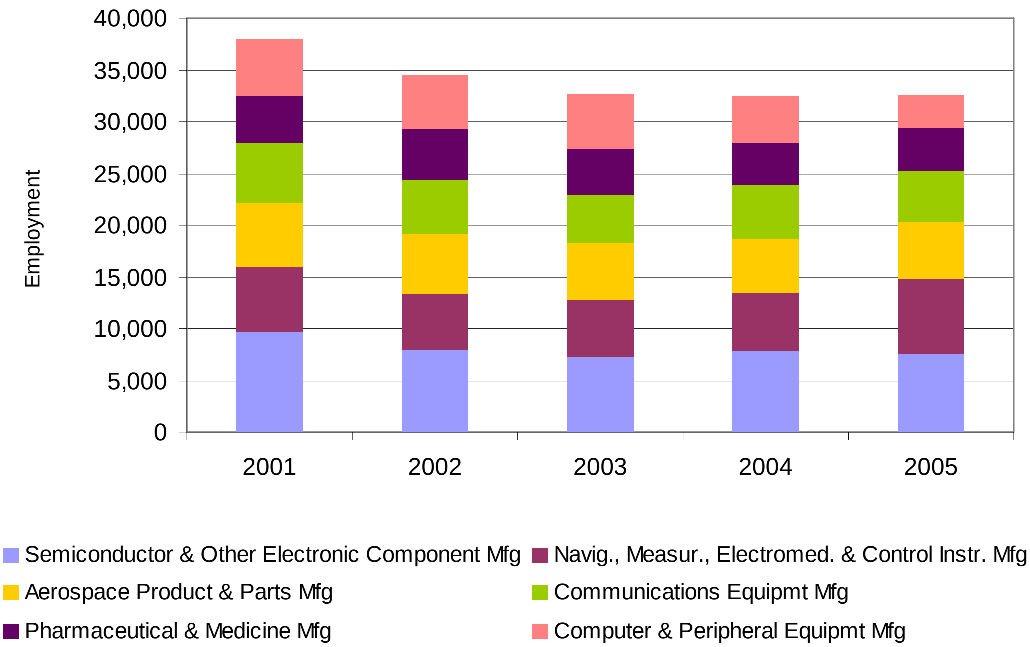


Figure 18 provides a summary of economic facts for the High Tech Manufacturing sector.

Figure 18 High Tech Manufacturing

NAICS	Industry	2005 Empl*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
3341	Computer & Peripheral Equipmt Mfg	3,200	-40.8%	0.6	$ 95,808	91.3%	80.4%
3342	Communications Equipment Mfg	5,000	-13.3%	2.0	$ 89,148	81.3%	67.3%
3344	Semiconductor & Other Electronic Component Mfg	7,600	-21.8%	0.8	$ 70,856	88.5%	80.0%
3345	Navigational, Measuring, Electromed., & Control Instruments Mfg	7,100	13.5%	0.8	$ 80,858	94.6%	85.3%
3364	Aerospace Product & Parts Manufacturing	5,500	-11.4%	0.9	$ 71,917	83.7%	83.7%
3254	Pharmaceutical & Medicine Mfg	4,200	-8.2%	1.1	$ 78,324	89.1%	81.3%

* Employment rounded to nearest 100. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data may have been suppressed due to confidentiality.

DIVERSIFIED MANUFACTURING

The Diversified Manufacturing component of the economic base includes Wood Product Manufacturing, Paper Manufacturing, Printing & Related Support Activities, Furniture & Related Product Manufacturing, Medical Equipment & Supplies Manufacturing, Apparel Manufacturing, Chemical Manufacturing (except Pharma), and Plastics & Rubber Products Manufacturing. In 2005, this sector provided almost 23,400 jobs, and was the smallest component of the region's economic base.

Overall, Diversified Manufacturing reported job losses of 17.6% from 2001 to 2005. Seven out of the eight sub-sectors reported job losses during this period. The Printing & Related Support Activities sub-sector reported the greatest number of jobs lost for this period, down almost 1,600 jobs, or 25.6%. The greatest percentage of jobs lost was reported by Apparel Manufacturing, down 33.3% (a loss of almost 1,200 jobs).

Within Diversified Manufacturing, the most jobs are found in Medical Equipment & Supplies Manufacturing, followed by Printing & Related Support Activities and Furniture & Related Product Manufacturing.

The region has a lower concentration of Diversified Manufacturing jobs overall (0.6 LQ) than found at the statewide level. Only one sub-sector, Medical Equipment & Supplies Manufacturing, has a higher concentration (1.1 LQ) than found statewide.

In 2005, the average annual wage for this sector was $43,647, slightly higher than the overall average wage of $42,485 for all private industries in the region. At the sub-sector level, this ranged from a high of $58,993 in Medical Equipment & Supplies Manufacturing, to a low of $34,406 in Apparel Manufacturing.

The 2005 average annual wage and employment are shown in **Figure 19**.

Figure 19 Diversified Manufacturing 2005 Employment & Average Wages

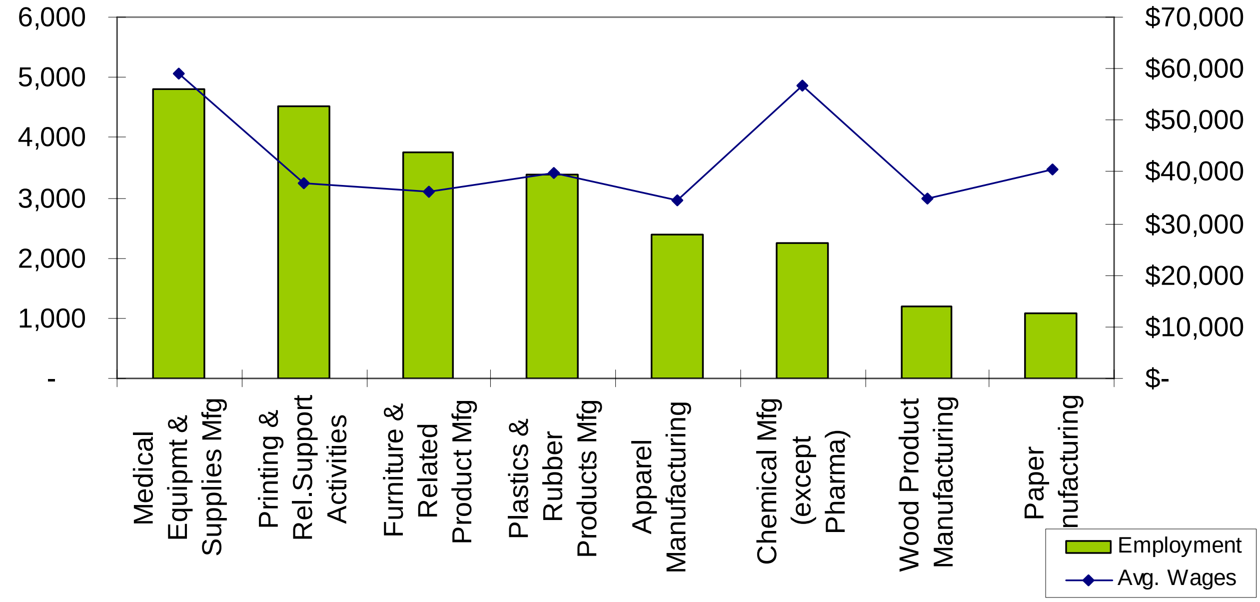


Figure 20 shows employment change from 2001 to 2005 for the industries in Diversified Manufacturing.

Figure 20 Diversified Manufacturing Industries Employment 2001-2005

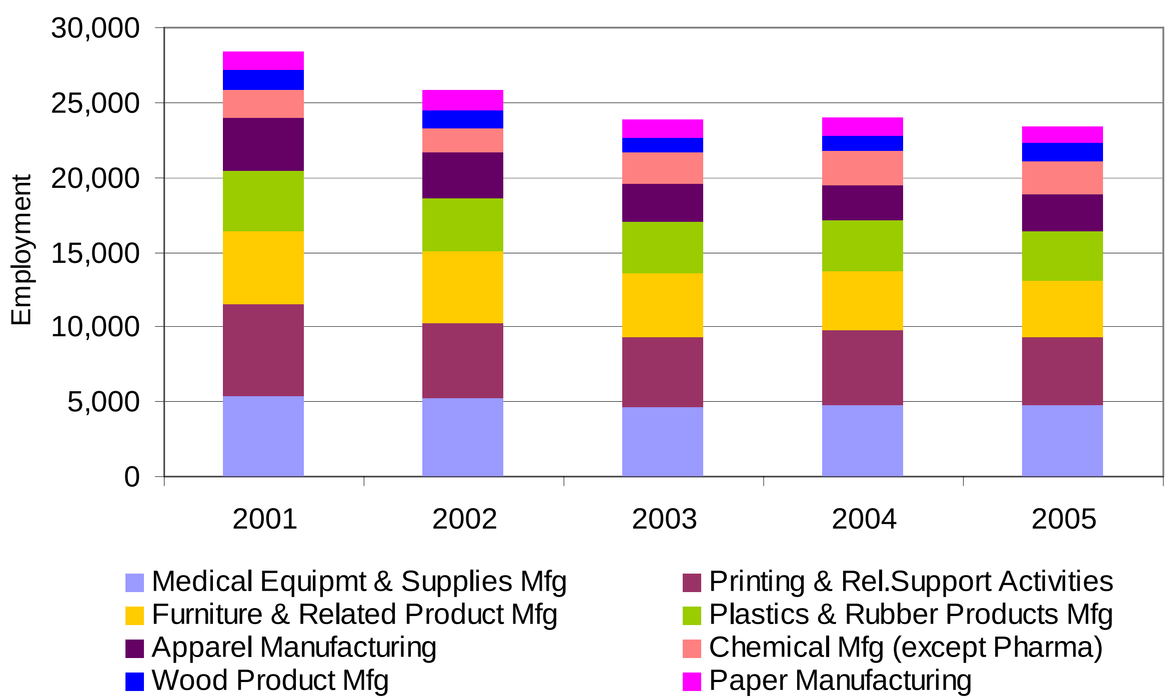


Figure 21 provides a summary of economic facts for the Diversified Manufacturing sector.

Figure 21 Diversified Manufacturing

NAICS	Sub-sector	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
321	Wood Product Manufacturing	1,200	-11.0%	0.3	$ 34,783	100.0%	100.0%
322	Paper Manufacturing	1,100	-7.9%	0.4	$ 40,398	90.2%	90.2%
323	Printing & Support Activities	4,500	-25.6%	0.9	$ 37,790	98.9%	95.6%
337	Furniture & Related Product Mfg	3,800	-23.9%	0.7	$ 36,215	97.5%	93.4%
3391	Medical Equipmt & Supplies Mfg	4,800	-10.9%	1.1	$ 58,993	92.0%	89.0%
315	Apparel Manufacturing	2,400	-33.3%	0.3	$ 34,406	97.4%	91.3%
325-3254	Chemical Mfg (except Pharma)	2,300	22.2%	0.6	$ 56,848	95.2%	85.7%
326	Plastics & Rubber Products Mfg	3,400	-15.8%	0.7	$ 39,787	100.0%	86.5%

* Employment rounded to nearest 100. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data may have been suppressed due to confidentiality.

WHOLESALE TRADE & TRANSPORTATION

The Wholesale Trade & Transportation sector includes Merchant Wholesalers, Durable Goods; Merchant Wholesalers, Nondurable Goods; Wholesale Electronic Markets & Agents & Brokers; and, Air Transportation. In 2005, Wholesale Trade & Transportation was the third largest component of the region's economic base, providing over 46,300 jobs.

Overall, Wholesale Trade & Transportation reported job growth of 7.4% from 2001 to 2005. Three of the four sub-sectors reported growth. Wholesale Electronic Markets & Agents & Brokers reported the greatest number and percentage of job growth, up almost 2,800 jobs, or 82.8%. Only Air Transportation reported job losses during this period.

Within Wholesale Trade & Transportation, most of the jobs are found in Merchant Wholesalers, Durable Goods and Merchant Wholesalers, Nondurable Goods. Looking further, Merchant Wholesalers, Durable Goods employment is led by Professional & Commercial Equipment & Supplies Merchant Wholesalers. Merchant Wholesalers, Nondurable Goods employment is led by Miscellaneous Nondurable Goods Merchant Wholesalers and Grocery & Related Product Wholesalers.

The region has a lower concentration of jobs in Wholesale Trade & Transportation (0.7 LQ) than at the statewide level. This is also true for all four sub-sectors. At a much more detailed level (5-digit level), high concentrations are found in a number of industries, led by Flower, Nursery Stock & Florists' Supplies Merchant Wholesalers (2.7 LQ); Sporting & Recreational Goods & Supplies Merchant Wholesalers (2.4 LQ); and, Construction & Mining (except Oil Well) Machinery & Equipment Merchant Wholesalers (2.3 LQ).

Figure 22 shows employment and average annual wages for all of the sub-sectors.

Figure 22 Wholesale Trade & Transportation 2005 Employment & Average Wages

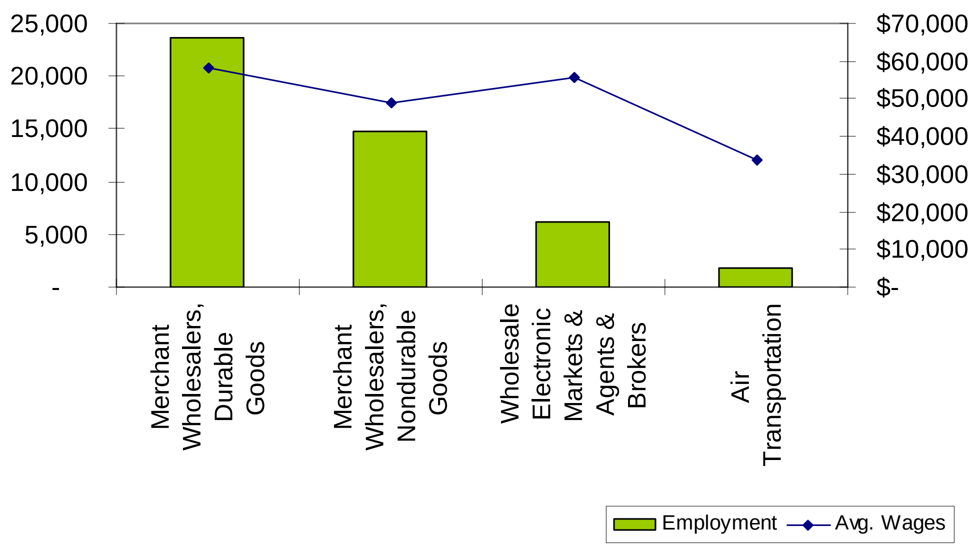


Figure 23 shows employment change from 2001 to 2005 for the industries in Wholesale Trade & Transportation.

Figure 23 Wholesale Trade & Transportation Industries Employment 2001-2005

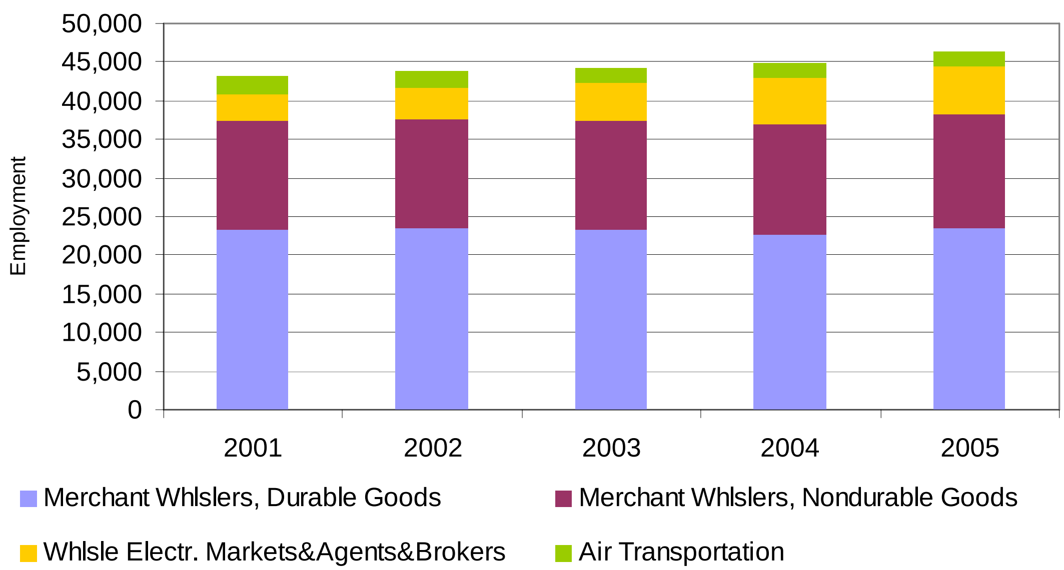


Figure 24 provides a summary of economic facts for the Wholesale Trade & Transportation sector.

Figure 24 Wholesale Trade & Transportation

NAICS	Sub-sector	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
423	Merchant Whlslrs, Durable Goods	23,600	1.8%	0.8	$ 58,046	98.3%	95.8%
424	Merchant Whlslrs, Nondurable Goods	14,700	3.8%	0.7	$ 48,895	98.4%	95.4%
425	Whlsle Electr. Mkts, Agents, Brokers	6,100	82.8%	0.8	$ 55,836	99.6%	98.1%
481	Air Transportation	1,900	-23.1%	0.4	$ 33,595	89.2%	75.7%

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data may have been suppressed due to confidentiality.

PROFESSIONAL, BUSINESS & INFORMATION SERVICES

The Professional, Business & Information Services sector includes Legal Services; Accounting, Tax Preparation, Bookkeeping and Payroll Services; Architectural, Engineering and Related Services; Computer Systems Design and Related Services; Management, Scientific and Technical Consulting Services; Scientific Research and Development Services; Management of Companies and Enterprises; Employment Services; Software Publishers; Internet Service Providers and Web Search Portals; and, Data Processing, Hosting and Related Services. In 2005, this sector was the largest component of the economic base, and provided almost 157,000 jobs.

Overall, this sector reported job growth from 2001 to 2005, up over 7,200 jobs or 4.8%. Seven of the eleven sub-sectors reported job gains during this period. Architectural, Engineering & Related Services reported the greatest number and percentage of job growth, up 4,900 jobs, or 28%. At the same time, Accounting, Tax Preparation, Bookkeeping & Payroll Services reported the greatest number of jobs lost, down 1,600 jobs, and Internet Service Providers & Web Search Portals reported the greatest percentage of jobs lost, down 34.7%.

Within Professional, Business & Information Services, most of the jobs are found in Employment Services, followed by Scientific Research & Development Services.

The region has a slightly higher concentration of jobs in Professional, Business & Information Services (1.1 LQ) than found at the statewide level. Two sub-sectors have much higher concentration levels; they are Scientific Research & Development Services (3.0 LQ), Architectural, Engineering & Related Services (1.5 LQ).

In 2005, the average annual wage for the sector was $60,623. Software Publishers reported the highest average wage of $100,340, while Employment Services reported the lowest average wage of $28,436. **Figure 25** shows employment and average annual wages for all of the sub-sectors.

Figure 25 Professional, Business & Information Services 2005 Employment & Wages

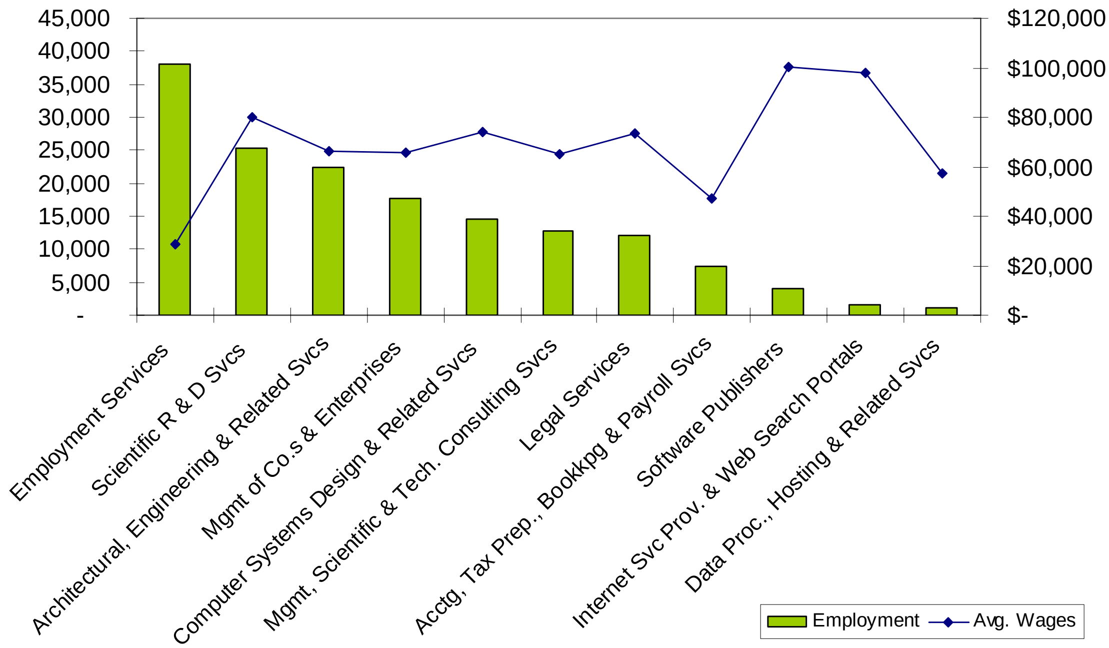


Figure 26 shows employment change from 2001 to 2005 for the industries in Professional, Business & Information Services.

Figure 26 Professional, Business & Info Svcs Industries Employment 2001-2005

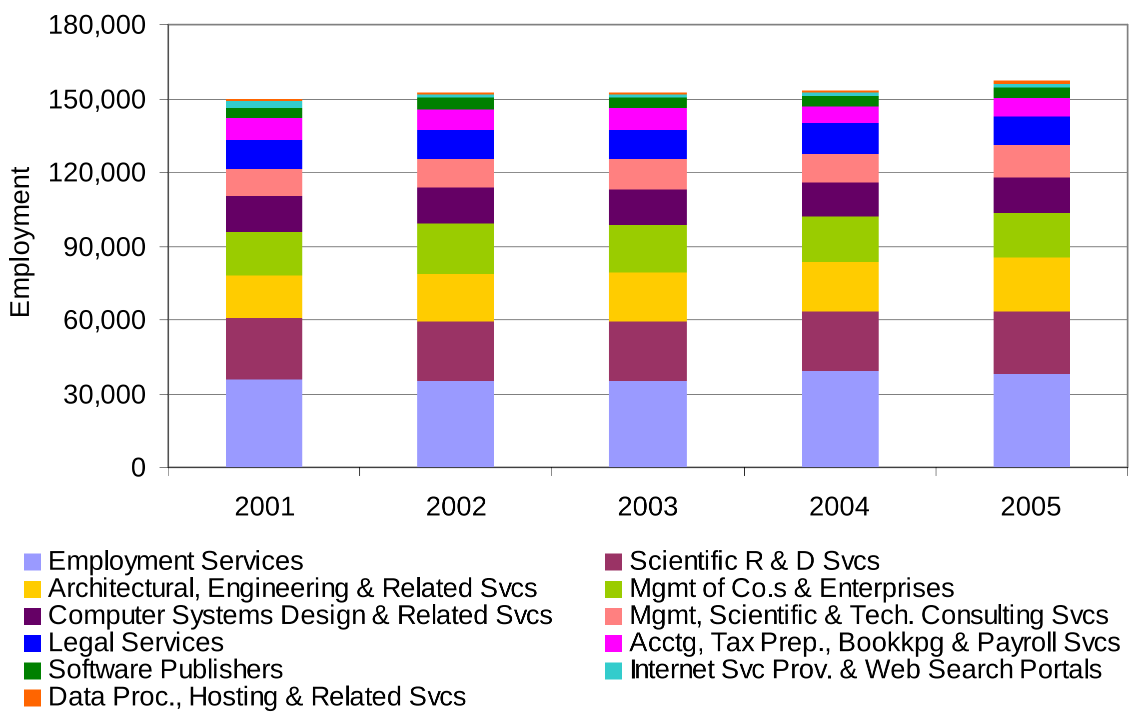


Figure 27 provides a summary of economic facts for the Professional, Business & Information Services sector.

Figure 27 Professional, Business & Information Services

NAICS	Industry	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
5411	Legal Services	12,200	8.5%	1.0	$ 73,303	99.3%	97.9%
5412	Acctg, Tax Prep, Bookkpg & Payroll Svcs	7,300	-18.0%	0.8	$ 47,342	99.2%	98.7%
5413	Architectural & Engineering Svcs	22,400	28.0%	1.5	$ 66,294	97.9%	94.8%
5415	Computer Systems Design Svcs	14,500	0.3%	0.9	$ 73,845	98.6%	96.5%
5416	Mgmt, Scientific & Tech.Consult.Svcs	12,700	14.7%	1.1	$ 64,926	99.1%	98.1%
5417	Scientific R & D Svcs	25,300	2.2%	3.0	$ 80,058	90.6%	81.8%
5511	Mgmt of Co.s & Enterprises	17,800	-2.1%	0.9	$ 65,902	88.5%	77.1%
5613	Employment Svcs	38,200	6.7%	1.0	$ 28,436	79.3%	62.8%
5112	Software Publishers	4,000	-12.0%	1.1	$100,340	95.2%	85.7%
5181	Internet Prov. & Web Search Portals	1,600	-34.7%	0.6	$ 98,009	100.0%	96.5%
5182	Data Processing & Hosting Svcs	1,200	12.5%	0.6	$ 57,576	100.0%	95.0%

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data may have been suppressed due to confidentiality.

TOURISM & ENTERTAINMENT

The Tourism & Entertainment sector includes Motion Picture & Video Industries; Sound Recording Industries; Amusement, Gambling & Recreation Industries; and, Accommodation. In 2005, this sector provided almost 46,400 jobs, and was the second largest component of the region's economic base.

Overall, this sector reported job growth of 12.6% from 2001 to 2005, up almost 5,200 jobs. Three of the four sub-sectors reported job growth. The Amusement, Gambling & Recreation Industries sub-sector reported the greatest number and percentage of job gains, up 35,7%, or almost 4,100 jobs. Within Amusement, Gambling & Recreation Industries, most of the jobs are found in Fitness & Recreational Sports Centers, Amusement & Theme Parks, and Golf Courses & Country Clubs. The Motion Picture & Video Industries and Accommodation sub-sectors also reported job growth, up 7.4% and 5% respectively.

Only the Sound Recording Industries sub-sector reported job losses during this period, down almost 400 jobs or 66.7%.

The region has the same concentration of Tourism & Entertainment jobs overall as was found at the statewide level. Two sub-sectors have higher concentrations; Accommodation (1.6 LQ) and Amusement, Gambling & Recreation Industries (1.1 LQ).

In 2005, the average annual wage reported for this sector was $22,859, significantly lower than the region's average wage for all private industries of $42,485. This ranged from a high of $63,456 for Sound Recording Industries, to a low of $19,480 for Amusement, Gambling & Recreation Industries. **Figure 28** shows employment and average annual wages for all of the sub-sectors.

Figure 28 Tourism & Entertainment 2005 Employment & Wages

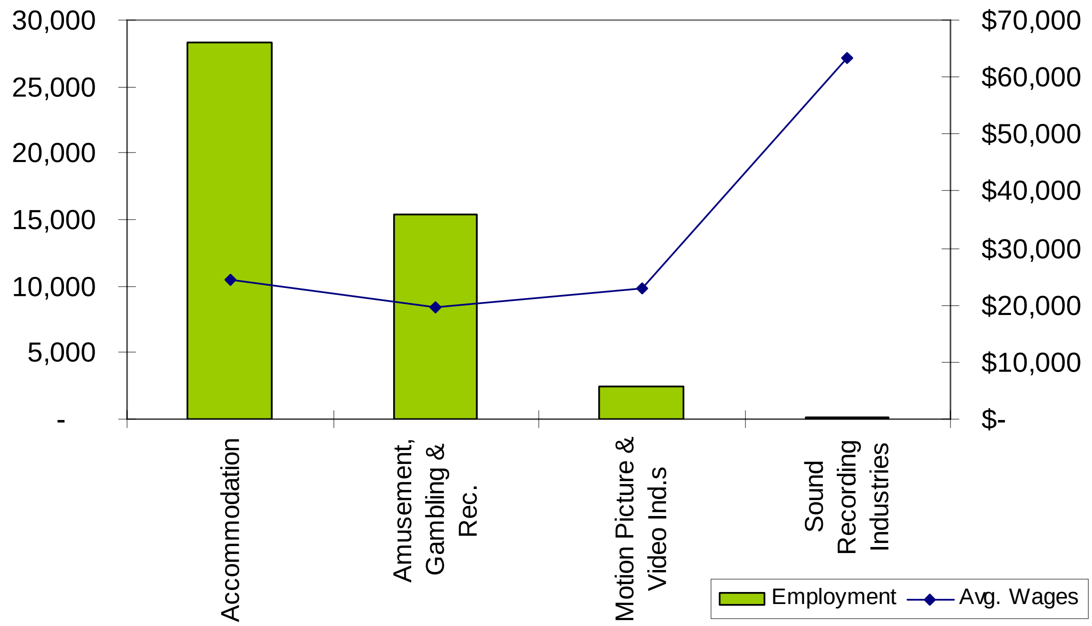


Figure 29 shows employment change from 2001 to 2005 for the industries in Tourism & Entertainment. Sound Recording Industries is not shown due to confidentiality.

Figure 29 Tourism & Entertainment Industries Employment 2001-2005

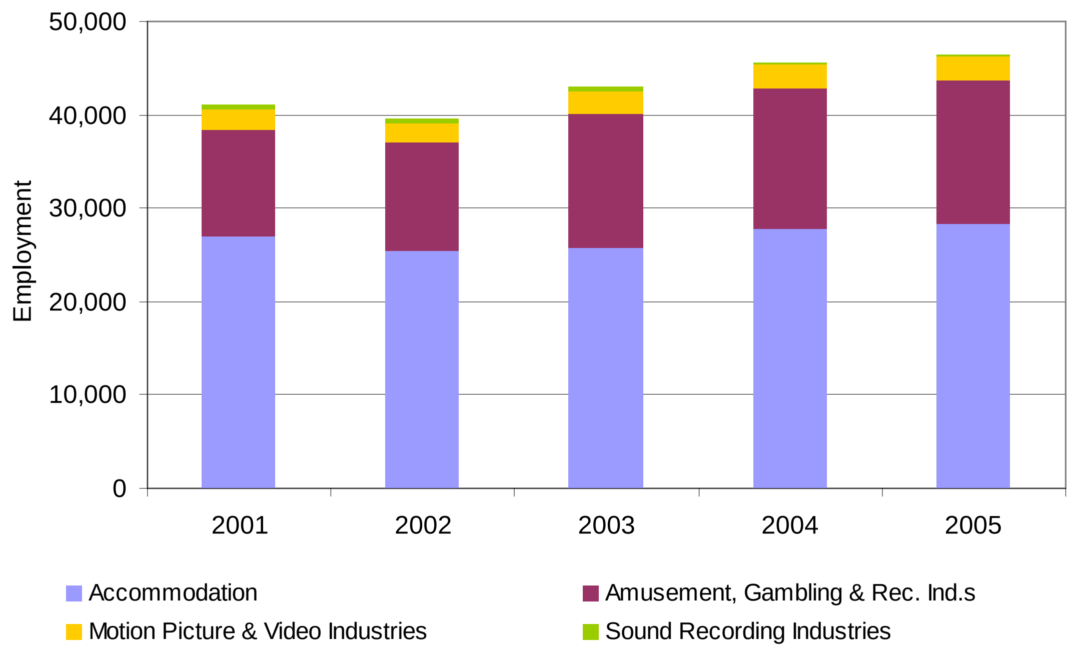


Figure 30 provides a summary of economic facts for the Tourism & Entertainment sector.

Figure 30 Tourism & Entertainment

NAICS	Sub-sector/Industry	2005 Empl*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
5121	Motion Picture & Video Industries	2,400	7.4%	0.2	$ 23,028	98.1%	91.9%
5122	Sound Recording Industries	200	-66.7%	0.5	$ 63,456	100.0%	100.0%
713	Amusement, Gambling & Recreation	15,400	35.7%	1.1	$ 19,480	96.8%	85.1%
721	Accommodation	28,300	5.0%	1.6	$ 24,409	88.0%	82.6%

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data may have been suppressed due to confidentiality.

RESOURCE BASED

The Resource Based industries include Farm[2], Logging, Mining, Sawmill & Woodworking Machinery Manufacturing, Fruit & Vegetable Preserving & Specialty Food Manufacturing, Animal Slaughtering & Processing and Seafood Preparation & Packaging[3]. Resource Based is the second smallest component of the region's economic base.

In 2005, this sector provided almost 22,200 jobs for the region, although the sector reported job losses of 3.6%, from 2001 to 2005. (Employment was suppressed for Animal Slaughtering & Processing and Seafood Product Preparation & Packaging due to confidentiality.) Only two of the seven of the sub-sectors in the Resource Based sector reported job growth during this period. Animal Slaughtering & Processing reported the greatest number and percentage of jobs gained during this period (employment numbers were suppressed due to confidentiality). The other sub-sector reporting growth was Mining, up about 40 jobs, or 10.3%. The greatest number of jobs lost was reported by Farm, down almost 1,200 jobs or 3.7% (led by losses in Crop Production). The greatest percentage of jobs lost was reported by Fruit & Vegetable Preserving & Specialty Food Manufacturing, down 67.3%

There is lower concentration of Resource Based jobs in this region (0.6 LQ) than found at the statewide level. Only the Seafood Product Preparation & Packaging industry has a higher concentration (1.5 LQ). See **Figure 33** for the concentration levels (LQs) for all sub-sectors.

In 2005, the average annual wage reported for this sector was $23,846. This ranged from a high of $61,637 for Mining, to a low of $22,520 for Farm jobs.

[2] Farm equals all Agriculture, Forestry, Fishing & Hunting jobs (NAICS 11) except Logging (NAICS 1133).
[3] There was no employment reported for Sawmill & Woodworking Machinery Manufacturing or for Seafood Preparation & Packaging for the Greater Sacramento Region. These industries are mentioned here so that the economic base definition is consistent across regions.

Figure 31 shows employment and average annual wages for the Resource Based industries.

Figure 31 Resource Based 2005 Employment & Wages

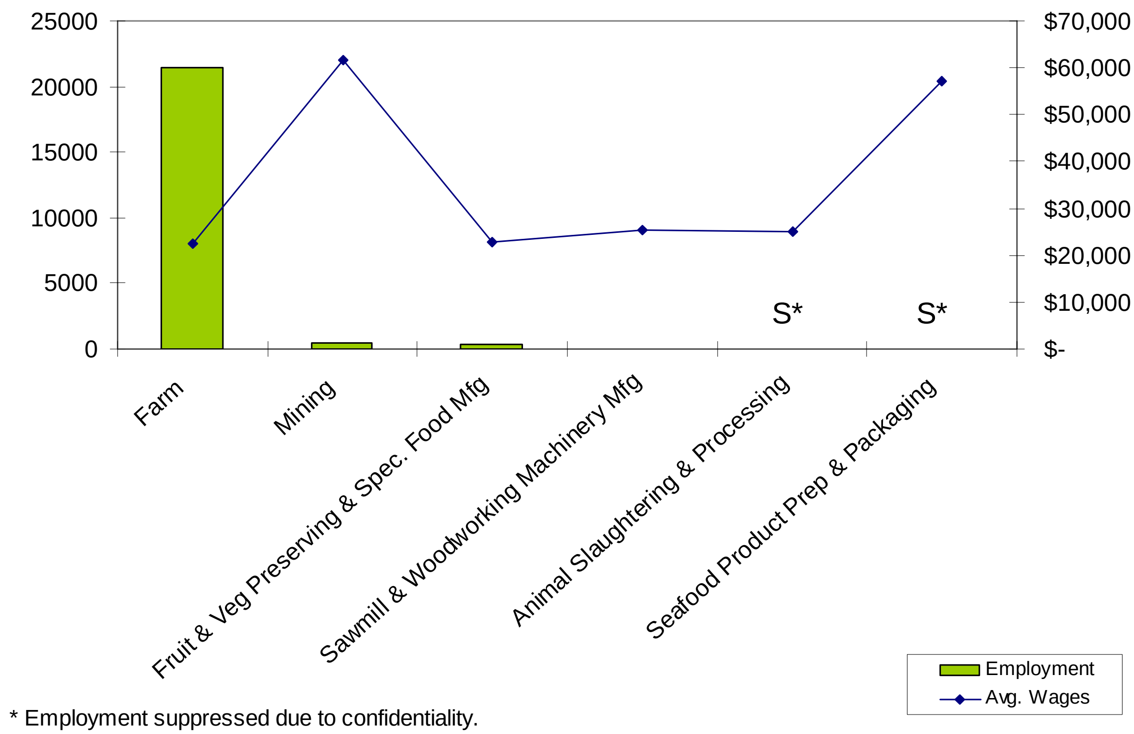


Figure 32 shows employment change from 2001 to 2005 for the Resource Based industries.

Figure 32 Resource Based Industries Employment 2001-2005

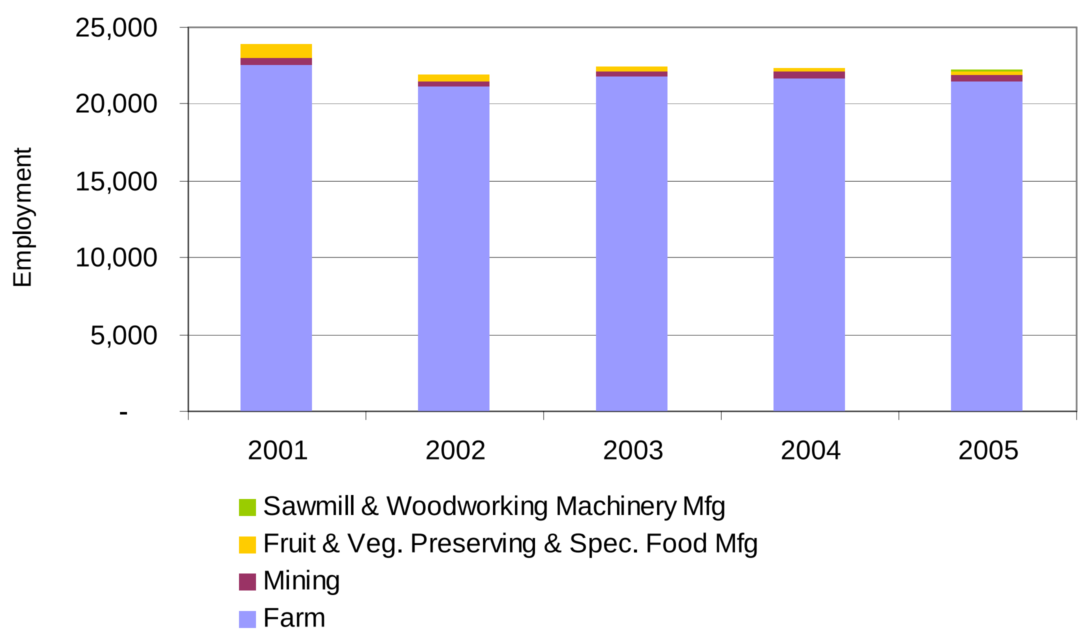


Figure 33 provides a summary of economic facts for the Resource Based industries.

Figure 33 Resource Based

NAICS	Sub-sector/Industry	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
11-1133	Farm	21,400	-5.1%	0.6	$ 22,520	97.1%	93.7%
1133	Logging	0	N/A	0.0	N/A	N/A	N/A
21	Mining	400	10.3%	0.2	$ 61,637	100.0%	100.0%
33321	Sawmill & Woodwrkng Machinery Mfg	8	-27.3%	0.2	$ 25,293	Not Available	Not Available
3114	Fruit & Vegetable Preserving & Specialty Food Mfg	300	-67.3%	0.1	$ 22,956	100.0%	100.0%
3116	Animal Slaughtering & Processing	S	897.9%	0.5	$ 25,032	S	S
3117	Seafood Product Prep. & Pckgng	S	-2.1%	1.5	$ 57,199	S	S

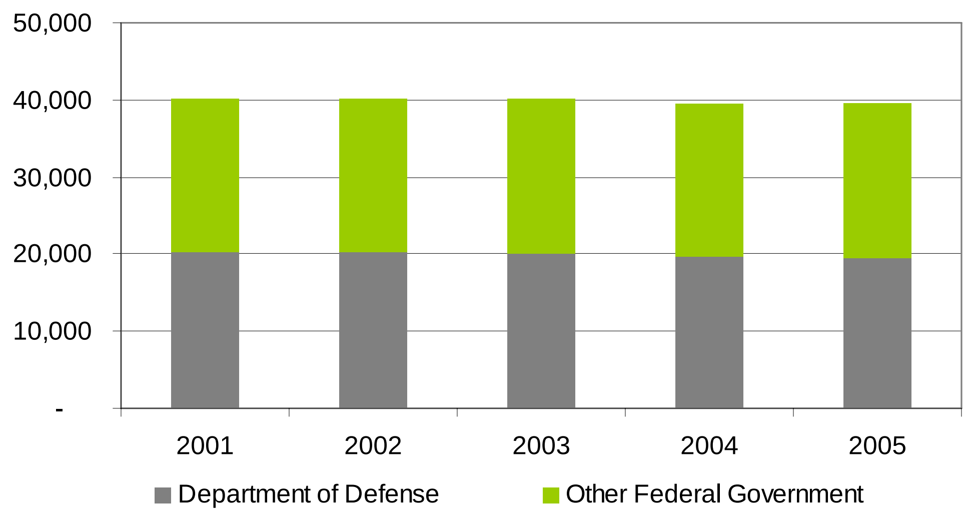
* Employment rounded to nearest 100. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some or all size of firm data may have been suppressed for an industry due to confidentiality.

FEDERAL GOVERNMENT, DEFENSE AND OTHER FEDERAL GOVERNMENT

The Federal Government sector in the economic base includes Defense and Other Federal Government. In 2005, this sector provided 39,600 of the region's jobs.

This sector experienced the loss of 500 jobs from 2001 to 2005, down 1.2%. During this period, Defense reported the loss of 800 jobs (-4%), while Other Federal Government reported job growth of 300 (up 1.5%).

Figure 34 Defense and Other Federal Government Employment 2001 to 2005



The region has a higher concentration (1.8 LQ) of Defense and Other Federal Government jobs than found at the statewide level. Defense has a very high concentration (4.0 LQ).

In 2005, the regional average annual wage for all federal jobs was $60,985. A separate average for Defense or Other Federal Government was not available, so we are presenting the average for all federal jobs.

Figure 35 provides a summary of economic facts for Federal Government, Defense and Other Federal Government.

Figure 35 Federal Government, Defense and Other Federal Government

Sub-sector	2005 Employmt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages***
Defense	19,400	-4.0%	4.0	$ 60,985
Other Federal Government	20,200	1.5%	1.2	$ 60,985

* Employment rounded to nearest 100.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** A separate average for Defense or Other Federal Government was not available, so we are presenting the average for all federal jobs.

BEYOND THE ECONOMIC BASE: A LOOK AT INDUSTRY CLUSTERS AND OTHER INDUSTRIES IMPORTANT TO THE REGION'S ECONOMY

This section looks at industry clusters and sectors that are important to the region's economy, but are not considered a part of the economic base. Their inclusion here reflects the broader interpretation of the economic base seen in some of the past economic base reports.[4] For the Southern Border Region, this will include the Food Chain cluster, Construction, Manufacturing Value Chain, Health Sciences & Services and All Government.

THE FOOD CHAIN

California is a leader in the global Food Chain. Global market forces are transforming California's Food Chain, as local firms become multinational firms and foreign firms produce locally in order to efficiently tailor products for local markets. As globalization has increased competition, it has also brought new opportunities in the form of new products for the state's consumers and new markets for the state's firms. Technology's role has been central as an enabler and driver in these global processes through advances in production, packaging, shipping and communications.[5] Locally, California companies are adopting innovative new processes in order to meet consumers' changing demands, such as the increasing demand for high quality convenience foods and organic products, while remaining competitive.

The Food Chain[6] cluster is composed of four components; Production, Support, Processing and Distribution. This cluster provides 2.8% of all jobs in the Southern Border Region, or almost 37,700 jobs in 2005. From 2001 to 2005, the Food Chain cluster reported job losses of about 1,300 jobs, a drop of 3.3%. (Some employment is suppressed at the component, sub-sector and industry levels, so totals at those levels will not match cluster totals presented here.)

Most of the jobs within this region's Food Chain cluster are in Support industries, providing 36% of the cluster's jobs, followed by Distribution (22%). Processing and Production each provide 21% of the cluster's jobs.

The distribution of jobs within the Food Chain cluster changed in all four areas from 2001 to 2005, with the greatest changes in Production and Processing, as seen in **Figure 36**.

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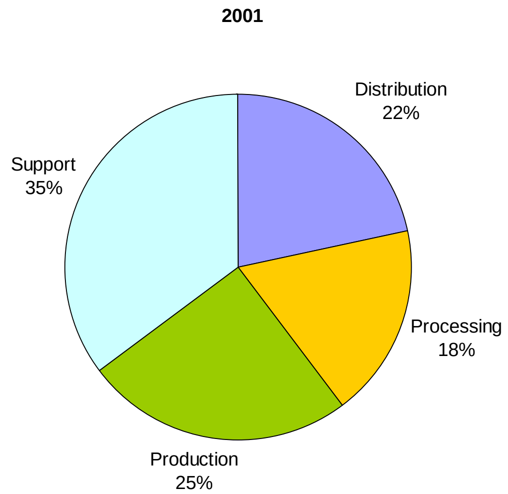
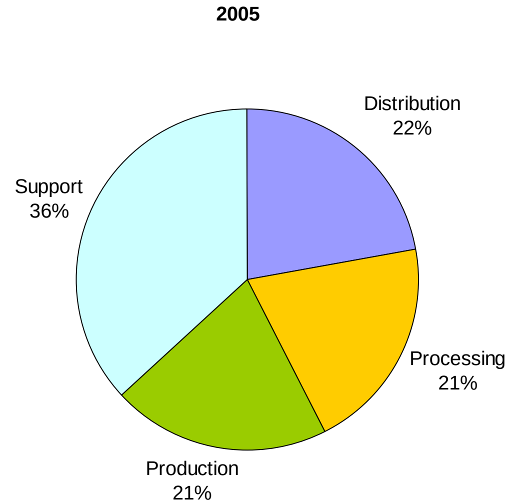
[4] The economic base reports released in 2006 used a broader definition of the economic base than the traditional one, as did the reports released in 2004 for the rural regions.
[5] Excerpts from the report, *California's Food Chain at Work*, prepared for the California Economic Strategy Panel by Collaborative Economics, Inc.
[6] This cluster includes some of the industries presented in the Resource Based component of the economic base.

Figure 36 Employment Distribution 2001 & 2005





From 2001-2005, two of the four cluster components reported job growth; Support reported an increase of almost 600 jobs (up 4.3%), and Distribution reported an increase of less than 100 jobs (up 0.8%). At the same time, Production experienced the greatest number and percentage of jobs lost, down about 1,800 jobs (-19%), and Processing lost almost 900 jobs (-12.9%).

Size of Business

From 2001 to 2005, the percentage of Food Chain businesses with fewer than 100 employees changed slightly, from 97.3% in 2001 to 98.2% in 2005. These businesses provided 58.5% of the Food Chain employment in 2001, and 52.3% in 2005. In contrast, only 1.8% of the businesses in the Food Chain employ 100 or more workers, and these businesses provide 47.7% of the Food Chain jobs.

Figure 37 Distribution of Firms and Jobs in the Food Chain by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	54.7%	4.9%
5-9	18.5%	6.9%
10-19	11.6%	8.8%
20-49	10.3%	17.6%
50-99	3.1%	14.2%
100-249	1.2%	13.3%
250-499	0.7%	17.4%
500+	0.0%	16.9%

Businesses with fewer than 50 employees provided 38.1% of all Food Chain jobs in 2005; in comparison, businesses with fewer than 50 employees provided 43.9% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 11.7% of all Food Chain jobs, compared to 14.8% of all private industry jobs.

Distribution reported the highest percentage of businesses with fewer than 100 employees, at 98.5%, followed by Production at 97.5%. Processing reported the lowest percentage, at 94.6%. The percentage of Food Chain firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure 38**.

Figure 38 provides a summary of facts for the Food Chain cluster components.

Figure 38 Food Chain

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
Production	7,700	-19.0%	0.5	$ 24,829	97.5%	98.4%
Support	13,900	4.3%	0.7	$ 27,598	96.5%	97.7%
Processing	5,900	-12.9%	0.4	$ 31,478	94.6%	97.7%
Distribution	8,300	0.8%	0.7	$ 40,640	98.5%	98.3%
Food Chain Totals	**37,700**	**-3.3%**	**0.6**	**$ 30,707**	**97.3%**	**98.2%**

* Employment rounded to nearest 100. Total employment does not equal sum of components due to suppression of employment data for some industries, which also affects the component totals.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Production

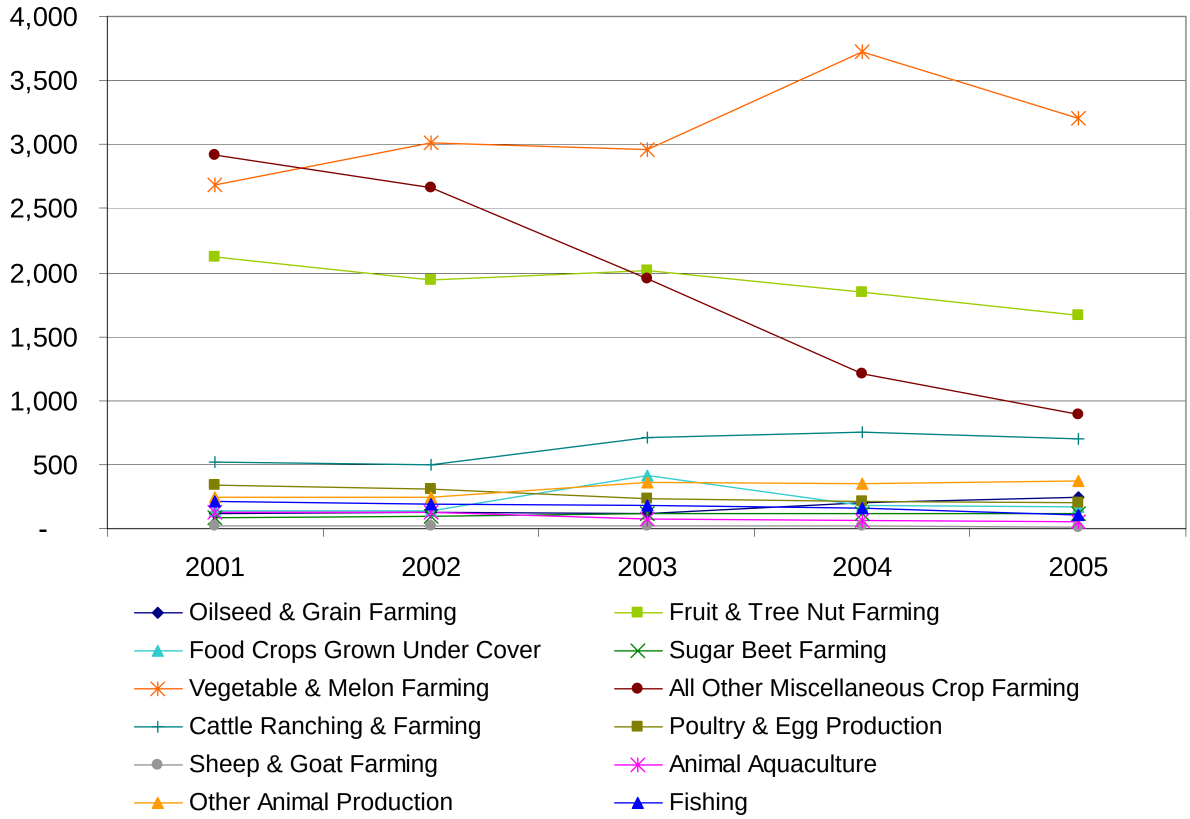
Production is one of the two smallest of the four Food Chain components, with just over 7,700 jobs in 2005. Within Production, the largest industry is Vegetable & Melon Farming with 3,200 jobs in 2005, followed by Fruit & Tree Nut Farming with almost 1,700 jobs. Although Production as a whole reported job losses from 2001 to 2005 of over 1,800 jobs (down 19%), some industries within Production reported job gains. These gains were led by Vegetable & Melon Farming, up over 500 jobs (+19.1%).

The job losses in Production were led by All Other Miscellaneous Crop Farming, down over 2,000 jobs or 69.6%.

Figure 39 graphs the employment change for the Production industries from 2001 to 2005. Employment for Hog & Pig Farming and Hunting & Trapping was suppressed due to confidentiality.

More information on each industry's size and growth are provided in **Figure 40**.

Figure 39 Production Industries Employment Growth 2001-2005



The Southern Border Region has a much lower concentration of Production jobs (0.5 LQ) than found at the statewide level; however some industries within Production have higher concentrations. The highest of these is Sugar Beet Farming (8.8 LQ), although a very small industry with only about 100 jobs in 2005. This was followed by Other Animal Production (2.1 LQ, with almost 400 jobs; and, Fishing (1.9 LQ), another very small industry of about 100 jobs. The concentration for each Production industry is provided in **Figure 40**.

Overall, Production reported an average annual wage of $24,829 in 2005, which is much lower than the region's average annual wage for all private industries of $42,485. Within Production, Fishing reported the highest average wage, at $92,448, followed by Oilseed & Grain Farming at $40,712, while Hog & Pig Farming reported the lowest, at $19,424.

Figure 40 provides a summary of economic facts for the Food Chain Production industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level. Some size of firm data was suppressed due to confidentiality. This may cause some industries to report 100% of firms with less than 50 or 100 employees when this is not actually the case.)

Figure 40 Food Chain – Production

NAICS	Production	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl****	Firms with < 50 empl****
1111	Oilseed & Grain Farming	200	103.3%	1.1	$ 40,712	100.0%	100.0%
1113	Fruit & Tree Nut Farming	1,700	-21.7%	0.2	$ 22,341	98.7%	96.6%
11141	Food Crops Grown Under Cover	200	28.9%	0.4	$ 26,792	Not Available	Not Available
11193	Sugarcane Farming	0	N/A	N/A	N/A	Not Available	Not Available
111991	Sugar Beet Farming	100	30.2%	8.8	$ 28,083	Not Available	Not Available
111992	Peanut Farming	0	N/A	N/A	N/A	Not Available	Not Available
1112	Vegetable & Melon Farming	3,200	19.1%	1.0	$ 20,143	94.0%	88.1%
111998	All Other Misc. Crop Farming	900	-69.6%	0.7	$ 25,174	Not Available	Not Available
1121	Cattle Ranching & Farming	700	33.7%	0.3	$ 31,042	100.0%	100.0%
1122	Hog & Pig Farming	S	-42.9%	0.6	$ 19,424	S	S
1123	Poultry & Egg Production	200	-40.2%	0.7	$ 21,195	100.0%	100.0%
1124	Sheep & Goat Farming	< 50	-16.7%	0.4	$ 31,029	100.0%	100.0%
1125	Animal Aquaculture	100	-57.6%	1.2	$ 28,407	100.0%	100.0%
1129	Other Animal Production	400	51.4%	2.1	$ 34,374	100.0%	100.0%
1141	Fishing	100	-51.7%	1.9	$ 92,448	100.0%	100.0%
1142	Hunting and Trapping	S	-83.3%	0.2	$ 23,100	S	S
	Production Totals, Non-suppressed* **	**7,700**	**-19%**	**0.5**	**$24,829**	**98.4%**	**96.4%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.
**** Some size of firm data was suppressed due to confidentiality. This may cause some industries to report 100% of firms with less than 50 or 100 employees when this is not actually the case.

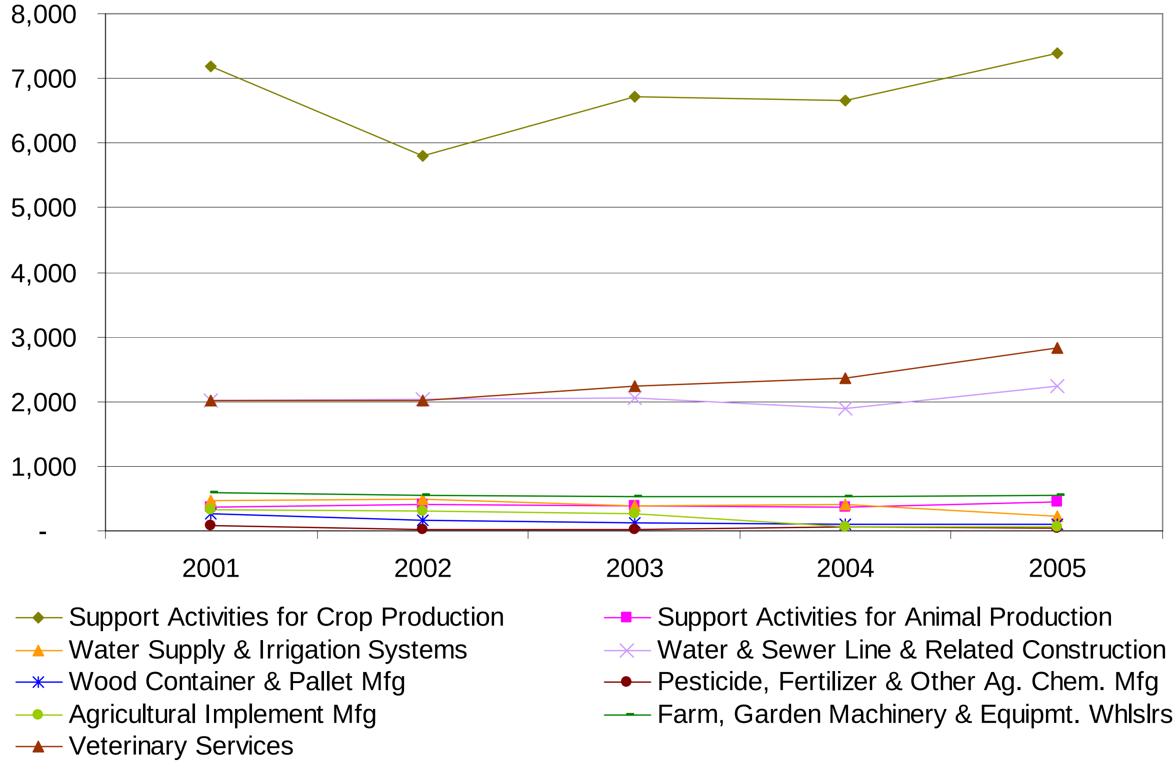
Support

Support is the largest component of the region's Food Chain cluster, with 13,900 jobs in 2005. Support reported job growth of almost 600 jobs, or 4.3% from 2001 to 2005. Within Support, the largest industry is Support Activities for Crop Production, with almost 7,400 jobs; this industry reported growth of about 200 jobs, up 3%, from 2001 to 2005. Second in size, Veterinary Services reported over 2,800 jobs in 2005, representing growth of over 800 jobs since 2001, for an increase of 40.6%. This was the fastest growth reported within the Support industries for the period.

The greatest percentage of jobs lost during this period was reported by Food Product Machinery Manufacturing, with a loss of 91.7%; a very small industry, employment is suppressed due to confidentiality. The largest number of jobs lost during this period was reported by Water Supply & Irrigation Systems and Agricultural Implement Manufacturing, each down about 250 jobs.

Figure 41 graphs the employment change for the Support industries from 2001 to 2005.

Figure 41 Support Industries Employment Growth 2001-2005



The Southern Border Region has a low concentration of Support jobs, compared to the statewide level; however, three sub-sectors/industry groups have higher concentrations. This includes Support Activities for Animal Production (1.7 LQ), Water & Sewer Line & Related Structures Construction (1.3 LQ), and Veterinary Services (1.1 LQ).

Overall, Support reported an average annual wage of $27,598 in 2005, which is much lower than the region's average annual wage for all private industries of $42,485, but up over 15% from 2001. The highest paying industries within Support are Food Product Machinery Manufacturing, with an average annual wage of $89,740, followed by Agricultural Implement Manufacturing ($52,123) and Water & Sewer Line & Related Structures Construction ($51,051). The industry with the lowest average annual wage is Support Activities for Crop Production, at $16,870.

Figure 42 provides a summary of economic facts for the Food Chain Support industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 42 Food Chain - Support

NAICS	Support	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
1151	Support Activities for Crop Production	7,400	3.0%	0.5	$ 16,870	96.6%	91.0%
1152	Support Activities for Animal Production	500	21.1%	1.7	$ 24,447	100.0%	100.0%
22131	Water Supply & Irrigation Systems	200	-54.5%	0.6	$ 45,978	Not Available	Not Available
23711	Water & Sewer Line & Rel. Construction	2,200	10.9%	1.3	$ 51,051	Not Available	Not Available
32192	Wood Container & Pallet Mfg	100	-58.2%	0.3	$ 25,666	Not Available	Not Available
3253	Pesticide, Fertilizer & Other Ag.Chem. Mfg	< 50	-45.9%	0.2	$ 39,401	100.0%	100.0%
33311	Agricultural Implement Mfg	100	-79.1%	0.3	$ 52,123	Not Available	Not Available
333294	Food Product Machinery Mfg	S	-91.7%	0.02	$ 89,740	Not Available	Not Available
42382	Farm, Garden Machinery & Equip. Whlslrs	500	-7.6%	0.9	$ 42,070	Not Available	Not Available
54194	Veterinary Services	2,800	40.6%	1.1	$ 32,649	Not Available	Not Available
	Support Totals	**13,900**	**4.3%**	**0.7**	**$ 27,598**	**97.7%**	**93.8%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality. This may cause some industries to report 100% of firms with less than 50 or 100 employees when this is not actually the case.

Processing

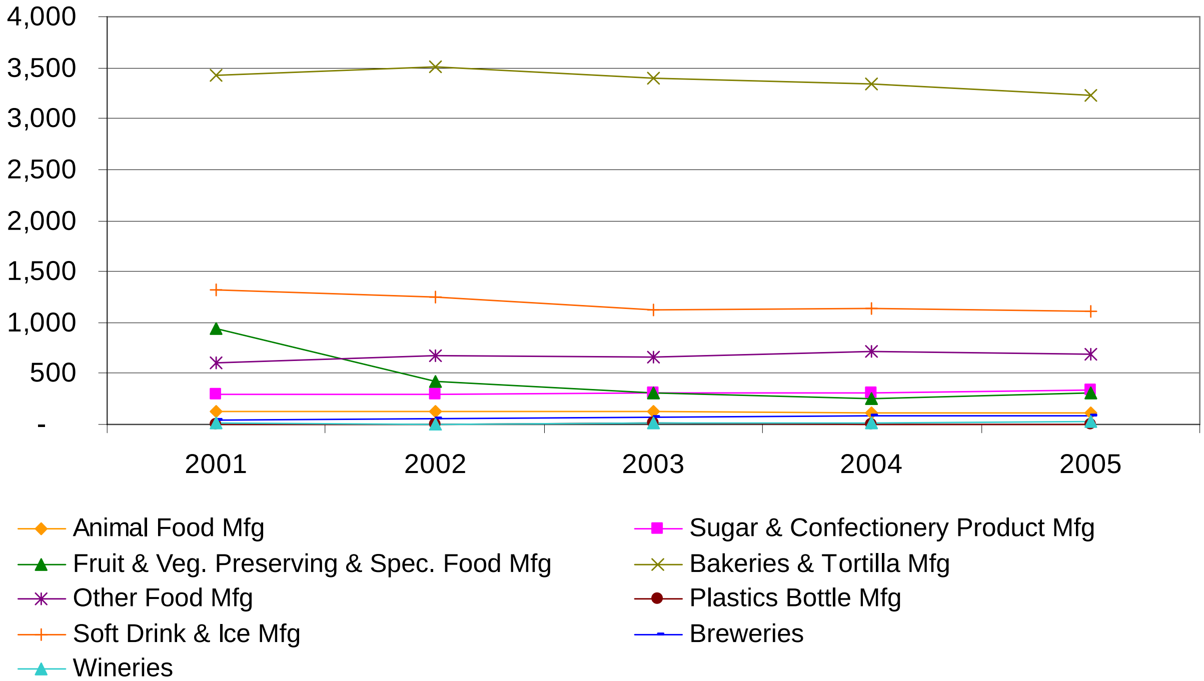
The Processing component of the Food Chain cluster is one of the two smallest Food Chain components, with 5,900 jobs in 2005 (some employment data was suppressed due to confidentiality). Processing experienced job losses of 1.1% from 2001 to 2005. Within Processing, the largest industry is Bakeries & Tortilla Manufacturing, with over 3,200 jobs in 2005 (led by Commercial Bakeries). Second, Soft Drink & Ice Manufacturing reported over 1,100 jobs (led by Soft Drink Manufacturing).

The largest number and percentage of jobs gained in Processing, for the period 2001to 2005, was reported by Animal Slaughtering & Processing, up 898% (actual employment numbers are suppressed for this industry due to confidentiality).

The job losses in Processing from 2001 to 2005 were led by Fruit & Vegetable Preserving & Specialty Food Manufacturing down over 600 jobs, followed by Bakeries & Tortilla Manufacturing and Soft Drink & Ice Manufacturing, each down about 200 jobs.

Figure 43 graphs the employment change for the Processing industries from 2001 to 2005. More information on each industry's size and growth are provided in **Figure44**.

Figure 43 Processing Industries Employment Growth 2001-2005



The Southern Border Region has a much lower concentration of Processing jobs (0.4 LQ) than found at the statewide level; however, the region has a higher concentration in Nonfolding Sanitary Food Container Manufacturing (2.5 LQ), Seafood Product Preparation & Packaging (1.5 LQ), and Soft Drink & Ice Manufacturing (1.4 LQ). The concentration for each Production industry is provided in **Figure 44**.

Overall, Processing reported an average annual wage of $31,478 in 2005, which is lower than the region's average annual wage for all private industries of $42,485. Within Processing, Plastics Bottle Manufacturing reported the highest average wage, at $57,406, followed by Seafood Product Preparation & Packaging, at $57,199. Wineries reported the lowest, at $19,887, well below the regional average.

Figure 44 provides a summary of economic facts for the Food Chain Processing industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 44 Food Chain - Processing

NAICS	Processing	2005 Emplymt*	2001-2005 Growth	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl****	Firms with < 50 empl****
3111	Animal Food Manufacturing	115	-8.0%	0.3	$ 34,830	100.0%	100.0%
3112	Grain & Oilseed Milling	S	-38.9%	0.03	$ 34,089	S	S
3113	Sugar & Confectionery Product Mfg	300	14.1%	0.5	$ 30,799	100.0%	100.0%
3114	Fruit & Veg. Presrv & Spec. Food Mfg	300	-67.3%	0.1	$ 22,956	100.0%	100.0%
3115	Dairy Product Manufacturing	S	-6.5%	0.2	$ 49,929	S	S
3116	Animal Slaughtering & Processing	S	897.9%	0.5	$ 25,032	S	S
3117	Seafood Product Prep & Packaging	S	-2.1%	1.5	$ 57,199	S	S
3118	Bakeries & Tortilla Mfg	3,200	-6.0%	0.9	$ 25,031	97.0%	94.0%
3119	Other Food Manufacturing	700	12.8%	0.4	$ 34,819	100.0%	100.0%
322215	Nonfolding Sanitary Food Contnr Mfg	S	7.8%	2.5	$ 27,187	Not Available	Not Available
32616	Plastics Bottle Manufacturing	< 10	500.0%	0.01	$ 57,406	Not Available	Not Available
327213	Glass Container Manufacturing	S	S	S	S	Not Available	Not Available
332115	Crown and Closure Manufacturing	0	N/A	N/A	N/A	Not Available	Not Available
332431	Metal Can Manufacturing	S	-58.9%	0.2	$ 45,927	Not Available	Not Available
31211	Soft Drink & Ice Manufacturing	1,100	-15.4%	1.4	$ 44,043	Not Available	Not Available
31212	Breweries	100	83.7%	0.3	$ 32,051	Not Available	Not Available
31213	Wineries	< 50	107.7%	0.01	$ 19,887	Not Available	Not Available
31214	Distilleries	0	N/A	N/A	N/A	Not Available	Not Available
	Processing Totals, Non-suppressed* **	**5,900**	**-1.1%**	**0.4**	**$ 31,478**	**97.7%**	**95.5%**

* Employment rounded to nearest 100; when very small, rounded to nearest 10. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.
**** Some size of firm data was suppressed due to confidentiality. This may cause some industries to report 100% of firms with less than 50 or 100 employees when this is not actually the case.

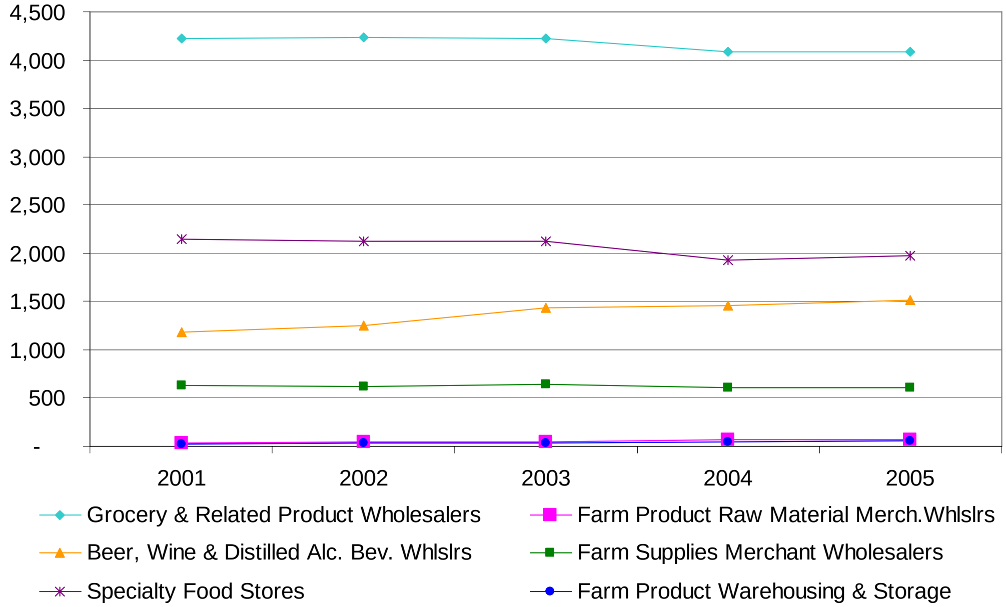
Distribution

Distribution is the second largest component of the region's Food Chain cluster, with over 8,300 jobs in 2005. From 2001 to 2005, Distribution experienced job growth of less than 100 jobs, up 0.8%. The largest industry within Distribution is Grocery & Related Product Wholesalers, with almost 4,100 jobs in 2005, followed by Specialty Food Stores with almost 2,000 jobs. Three of the six industries within Distribution report job growth from 2001 to 2005.

The greatest number of jobs added was reported by Beer, Wine & Distilled Alcoholic Beverage Merchant Wholesalers, up over 300 jobs. The industry with the greatest percentage of job growth (fastest growing) was Farm Product Raw Material Merchant Wholesalers, up 119%.

Figure 45 graphs the employment change for the Distribution industries from 2001 to 2005. More information on each industry's size and growth are provided in **Figure 46**.

Figure 45 Distribution Industries Employment 2001-2005



The Southern Border Region has a lower concentration of Distribution jobs (0.7 LQ) than found at the statewide level. Within Distribution, only Beer, Wine & Distilled Alcoholic Beverage Merchant Wholesalers (1.3 LQ) and Farm Product Warehousing & Storage (1.3 LQ) had higher concentrations. The concentration for each Distribution industry is provided in **Figure 46**.

Overall, Distribution reported an average annual wage of $40,640 in 2005, which is lower than the region's average annual wage for all private industries of $42,485. Within Distribution, Farm Product Raw Material Merchant Wholesalers reported the highest average wage, at $73,690, while Specialty Food Stores reported the lowest, at $20,847.

Figure 46 provides a summary of economic facts for the Food Chain Distribution industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level. Some size-of-business data was suppressed.)

Figure 46 Food Chain - Distribution

NAICS	Distribution	2005 Emplymt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 100 employees
4244	Grocery & Related Product Wholesalers	4,100	-3.2%	0.6	$ 45,004	99.0%	94.1%
4245	Farm Product Raw Material Whlslrs	100	118.8%	0.5	$ 73,690	100.0%	100.0%
4248	Beer, Wine,Distilled Alcoholic Bevg. Whlslrs	1,500	27.9%	1.3	$ 53,324	65.0%	65.0%
42491	Farm Supplies Merchant Wholesalers	600	-4.4%	1.0	$ 39,696	Not Available	Not Available
4452	Specialty Food Stores	2,000	-7.8%	0.6	$ 20,847	100.0%	97.2%
49313	Farm Product Warehousing & Storage	100	100.0%	1.3	$ 46,496	Not Available	Not Available
	Distribution Totals	**8,300**	**0.8%**	**0.7**	**$ 40,640**	**98.3%**	**94.5%**

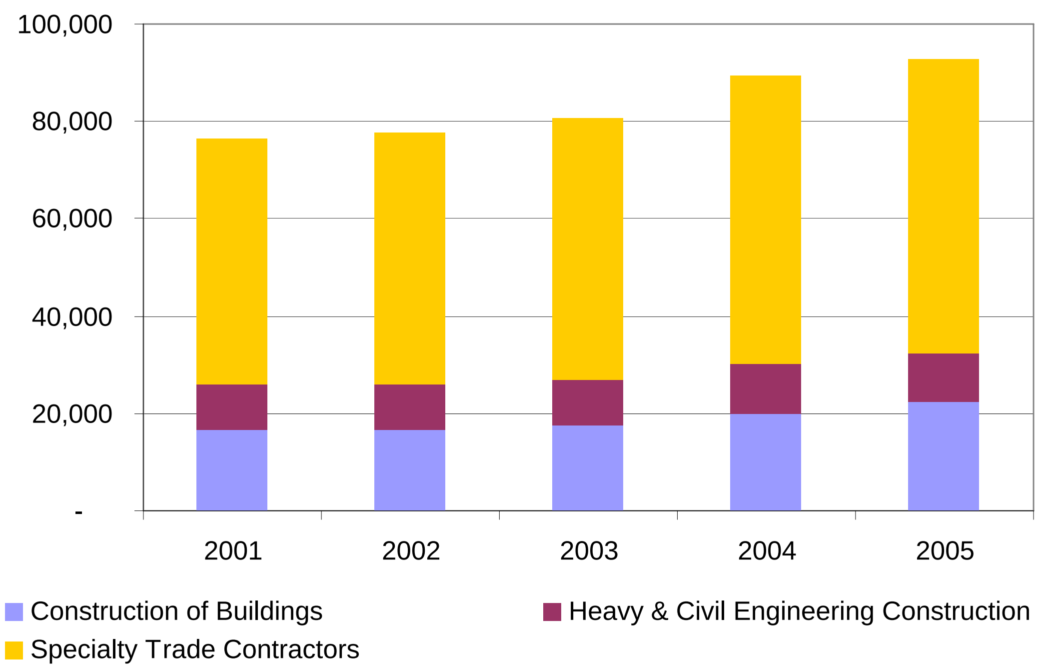
* Employment rounded to nearest 100. Numbers may not add due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

CONSTRUCTION

The Construction industry provides almost 7% of the jobs for the Southern Border Region, with almost 92,700 jobs in 2005. From 2001 to 2005, employment increased by 21.2%, up over 16,200 jobs.

All three sub-sectors reported growth during this period. Specialty Trade Contractors reported the most growth in number of jobs, up almost 9,900 jobs (up 19.6%). Construction of Buildings reported the greatest percentage of growth, up 33.1% (over 5,500 jobs). Heavy & Civil Engineering Construction also reported job growth, up over 800 jobs, or 9%.

Figure 47 Construction Sub-sector Employment 2001-2005



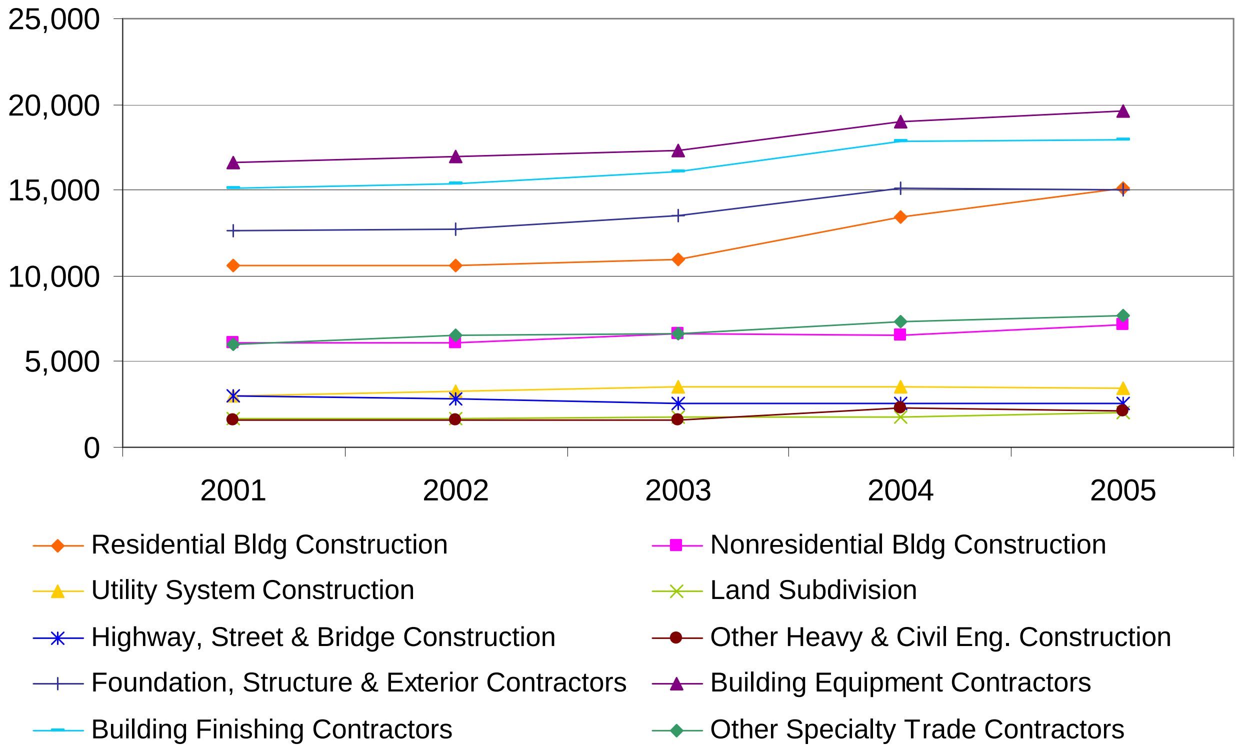
Within Construction of Buildings, the largest industry group is Residential Building Construction. Residential Building Construction reported job growth of 42.3% (up almost 4,500 jobs) from 2001-2005, and Nonresidential Building Construction reported job losses of 17% (up about 1,000 jobs). Looking closer, the growth (in number of jobs added) in Residential Building Construction was led by Residential Remodelers.

Within Heavy & Civil Engineering Construction, the largest industry group is Utility System Construction (almost 3,500 jobs in 2005), followed by Highway, Street & Bridge Construction (over 2,500 jobs). Other Heavy & Civil Engineering Construction added the greatest number and percentage of jobs from 2001 to 2005, up over 500 jobs, or 32.6%. Highway, Street & Bridge Construction lost almost 500 jobs during this period, down 15.9%.

Within Specialty Trade Contractors, the largest industry is Building Equipment Contractors, with almost 19,700 jobs in 2005. All four industries within the Specialty Trade Contractors sub-sector reported job growth from 2001 to 2005. Building Equipment Contractors added the most jobs, up over 3,000 jobs, and Other Specialty Trade Contractors reported the fastest growth (greatest percentage of jobs gained), up 28.3%.

Figure 48 shows employment growth for the Construction industries from 2001 to 2005.

Figure 48 Construction Industries Employment 2001-2005



The Southern Border Region has a higher concentration of Construction jobs (1.2 LQ) than found statewide. Within Construction, the sub-sector with the highest concentration was Heavy & Civil Engineering Construction, at 1.3 LQ. Looking more closely at the industry group level (five-digit NAICS code level), and across all sub-sectors, the industry with the highest concentration was Other Heavy & Civil Engineering Construction (2.3 LQ), followed by Framing Contractors (1.4 LQ), Land Subdivision (1.4 LQ) and Other Foundation, Structure & Building Exterior Contractors (1.4 LQ). The concentration for each Construction industry is provided in **Figure 49**.

Overall, Construction reported an average annual wage of $45,441 in 2005, which is higher than the region's average annual wage for all private industries of $42,485. Within Construction, at the industry level (five-digit NAICS code level) the Land Subdivision industry reported the highest average wage, at $80,148, while the Framing Contractors industry reported the lowest, at $27,330.

Size of Business

From 2001 to 2005, the percentage of Construction industry businesses with fewer than 100 employees remained constant, from 97.8% in 2001 to 97.6% in 2005. These businesses provided 67.5% of Construction employment in 2001, and 63.7% in 2005. In contrast, only 2.4% of the businesses in Construction employ 100 or more workers, and these businesses provide 36.3% of Construction jobs.

Figure 49 Distribution of Firms and Jobs in Construction by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	54.0%	6.4%
5-9	18.5%	8.9%
10-19	12.7%	12.5%
20-49	9.4%	20.9%
50-99	3.0%	15.0%
100-249	1.9%	20.8%
250-499	0.4%	10.0%
500+	0.1%	5.5%

Businesses with fewer than 50 employees provided 48.7% of all Construction jobs in 2005; in comparison, businesses with fewer than 50 employees provided 43.9% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 15.3% of all Construction jobs, compared to 14.8% of all private industry jobs.

Residential Building Construction reported the highest percentage of businesses with fewer than 100 employees, at 98.8%. Other Heavy & Civil Engineering Construction reported the lowest percentage, at 89.2%. The percentage of Construction firms with fewer than 100 employees and fewer than 50 employees, by industry, is included in **Figure50.**

Figure 50 provides a summary of economic facts for the Construction industries.

Figure 50 Construction

NAICS	Industry	2005 Emplymt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
2361	Residential Bldg Constr.	15,100	42.3%	1.2	$ 52,300	98.8%	97.2%
2362	Nonresidential Bldg Constr.	7,100	17.0%	1.2	$ 57,710	96.0%	92.6%
2371	Utility System Constr.	3,500	13.9%	1.1	$ 53,827	95.5%	88.4%
2372	Land Subdivision	2,000	22.6%	1.4	$ 80,148	98.5%	98.5%
2373	Highway, Street & Bridge Constr.	2,500	-15.9%	1.0	$ 63,228	89.9%	79.7%
2379	Other Heavy & Civil Engineering Constr.	2,100	32.6%	2.3	$ 54,625	89.2%	89.2%
2381	Foundation, Struct., Bldg Exter. Contractors	15,000	18.6%	1.1	$ 33,591	96.0%	91.1%
2382	Bldg Equipmt Contractors	19,700	18.1%	1.2	$ 46,781	98.0%	94.7%
2383	Bldg Finishing Contractors	17,900	18.5%	1.1	$ 34,789	97.8%	94.8%
2389	Other Specialty Trade Contractors	7,700	28.3%	1.2	$ 43,885	98.2%	95.6%

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

MANUFACTURING VALUE CHAIN

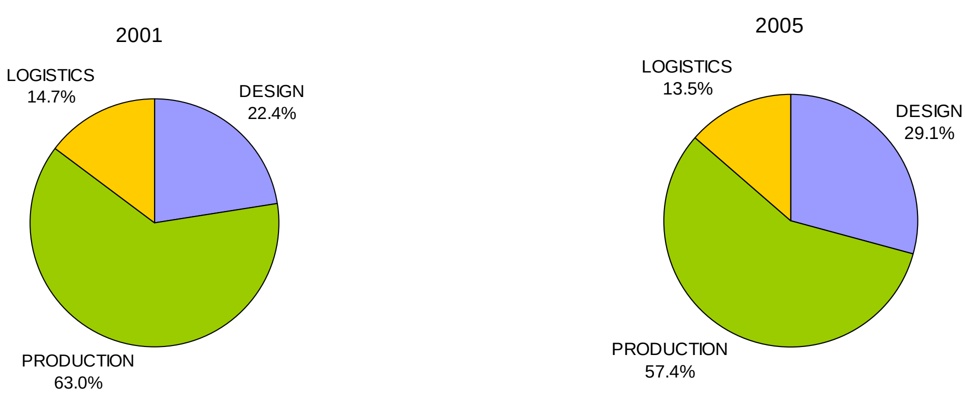
California's manufacturing industry has undergone a transformation. While traditional manufacturing (production) jobs have declined since the 1990's, job growth has occurred in the design and logistics (warehousing and delivery) phases of manufacturing. Improvements in production technology have increased production, as measured in gross domestic product, but have reduced the number of production jobs. At the same time, the "just in time" approach to supply and delivery is lowering warehousing costs and has increased the number and types of jobs in logistics.

The California Regional Economies Project calls this industry cluster the Manufacturing Value Chain. Manufacturing industries are important for innovation, high wages and exports. The design and logistics components of manufacturing are providing more middle and higher-level jobs that pay well and offer career development opportunities. By definition, the Manufacturing Value Chain includes some of the manufacturing industries discussed in the economic base analysis, under High Tech Manufacturing and Diversified Manufacturing, presented earlier in this report. This section of the report takes a look at a broader range of manufacturing activities in the region.

The Manufacturing Value Chain provides almost 11% of the Southern Border Region's jobs, with over 142,000 jobs in 2005. From 2001 to 2005, this cluster experienced job losses of 6.3%. Design reported growth, while Production and Logistics reported job losses during this period.

Within the Manufacturing Value Chain cluster, the percentage of jobs made up by each component has changed over time. In 2001, Design represented 22.4% of the jobs within the cluster; this grew to 29.1% by 2005. At the same time, Production went from 63% in 2001 down to 57.4% in 2005. Logistics' share of the jobs in the cluster changed somewhat from 14.7% in 2001 to 13.5% in 2005. **Figure 51** illustrates these changes.

Figure 51 Distribution of Jobs within the Manufacturing Value Chain



Overall, the Southern Border Region's concentration of Manufacturing Value Chain cluster jobs is slightly lower (0.8 LQ) than that found statewide; however, the region has a higher concentration in a number of industries within the cluster, representing a competitive advantage in these areas. The highest of these include Engine, Turbine & Power Transmission Equipment Manufacturing (5.8 LQ), Audio & Video Equipment Manufacturing (4.5 LQ), Lime & Gypsum Product Manufacturing (2.4 LQ), Basic Chemical Manufacturing (2.1 LQ), and Communications Equipment Manufacturing (2.0 LQ). **Figures 55, 57 and 59** provide further data on concentrations of jobs by industry in each component of the value chain.

The Manufacturing Value Chain cluster's average annual wage for the region in 2005 was $55,870, higher than the region's average for all private industry jobs, at $42,485. Within the cluster, the component with the highest average annual wage is Design, with an average of $60,704 in 2005. The average annual wage for Production was $57,834 in 2005, and the average for Logistics was $37,091 in 2005.

Size of Business

From 2001 to 2005, the percentage of Manufacturing Value Chain businesses with fewer than 100 employees increased somewhat from 96.8% in 2001 to 98.1% in 2005. These businesses provided 50.9% of Manufacturing Value Chain employment in 2001, and 52.4% in 2005. In contrast, only 1.9% of the businesses in Manufacturing Value Chain employ 100 or more workers, and these businesses provide 47.6% of Manufacturing Value Chain jobs.

Figure 52 Distribution of Firms and Jobs in Manufacturing Value Chain by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	57.7%	5.1%
5-9	16.4%	6.5%
10-19	11.7%	9.7%
20-49	9.5%	17.3%
50-99	2.8%	13.7%
100-249	1.7%	18.9%
250-499	0.2%	9.9%
500+	0.0%	18.9%

Businesses with fewer than 50 employees provided 38.6% of all Manufacturing Value Chain jobs in 2005; in comparison, businesses with fewer than 50 employees provided 43.9% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 11.6% of all Manufacturing Value Chain jobs, compared to 14.8% of all private industry jobs.

Design reported the highest percentage of businesses fewer than 100 employees, at 98.8%; Production reported the lowest percentage, at 96.7%. The percentage of Manufacturing Value Chain firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure53**.

Figure 53 provides a summary of facts for the Manufacturing Value Chain cluster components.

Figure 53 Manufacturing Value Chain

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
Design	42,900	21.9%	1.3	$ 60,704	98.8%	97.1%
Production	79,300	-15.8%	0.7	$ 61,649	96.7%	92.0%
Logistics	19,800	-13.8%	0.6	$ 37,151	98.7%	95.2%
Manufacturing Chain Totals	**147,300**	**-6.3%**	**0.8**	**$ 55,870**	**98.1%**	**95.3%**

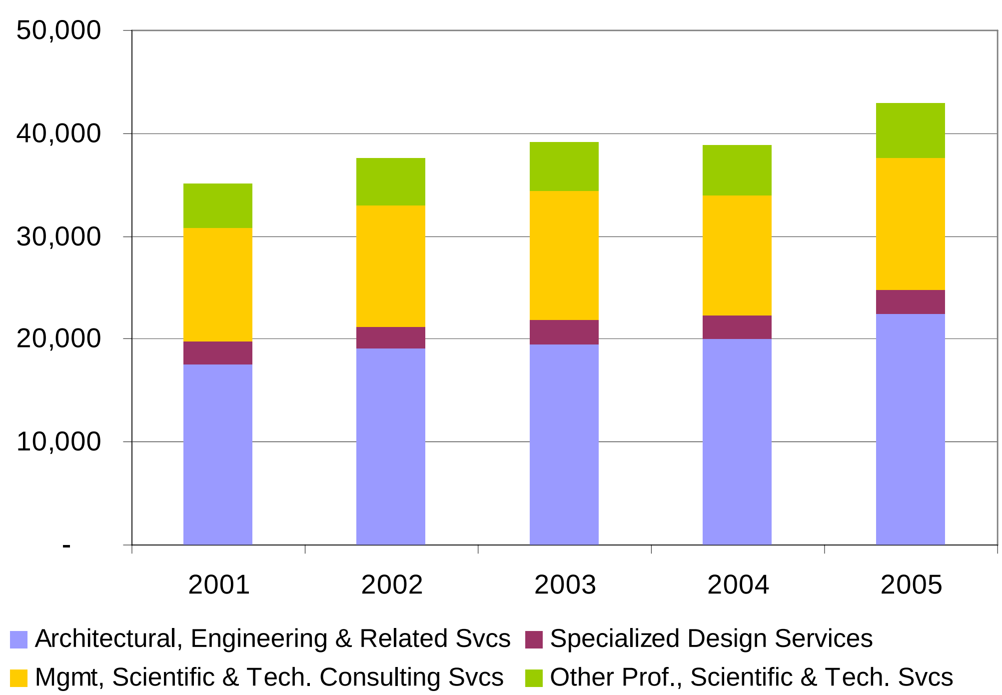
* Employment rounded to nearest 100. Some employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Design

The Design component of the Manufacturing Value Chain provided almost 42,900 jobs for the region in 2005, and grew by almost 7,700 jobs, or 21.9%, from 2001 to 2005.

Within Design, Architectural, Engineering & Related Services is the largest industry group with over 22,400 jobs in 2005; this industry reported job growth of 4,900 jobs or 28% from 2001 to 2005. Management, Scientific & Technical Consulting Services is the second largest industry in Design, with over 12,700 jobs in 2005. Architectural, Engineering & Related Services reported the greatest number and percentage of jobs gained during the period, up 4,900 jobs or 28%.

Figure 54 Design Employment 2001-2005



The Southern Border Region has a higher concentration of Design jobs (1.3 LQ) than found at the statewide level. Within Design, Architectural, Engineering & Related Services has the highest concentration (1.5 LQ). **Figure 55** shows the concentration for each Design industry group.

Overall, the average annual wage for the Design industries was $60,704 in 2005; this was up from $54,101 in 2001, an increase of 21.6%. Within Design, the highest average annual wage was reported by Architectural, Engineering & Related Services, at $66,294 in 2005, and the lowest was reported by Other Professional, Scientific & Technical Services, at $32,072.

Figure 55 provides a summary of economic facts for the Design industries.

Figure 55 Manufacturing Value Chain - Design

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
5413	Architect.,Engineering & Rel.Svcs	22,400	28.0%	1.5	$66,294	97.9%	94.8%
5414	Specialized Design Svcs	2,400	8.2%	1.1	$49,348	99.1%	99.1%
5416	Mgmt, Sci. & Tech.Consulting Svcs	12,700	14.7%	1.1	$64,926	99.1%	98.1%
5419	Other Prof, Scientific & Tech Svcs	5,300	22.4%	1.1	$32,072	99.5%	98.2%
	Design Totals	**42,900**	**21.9%**	**1.3**	**$60,704**	**98.8%**	**97.1%**

* Employment rounded to nearest 100. Numbers may not add due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality.

Production

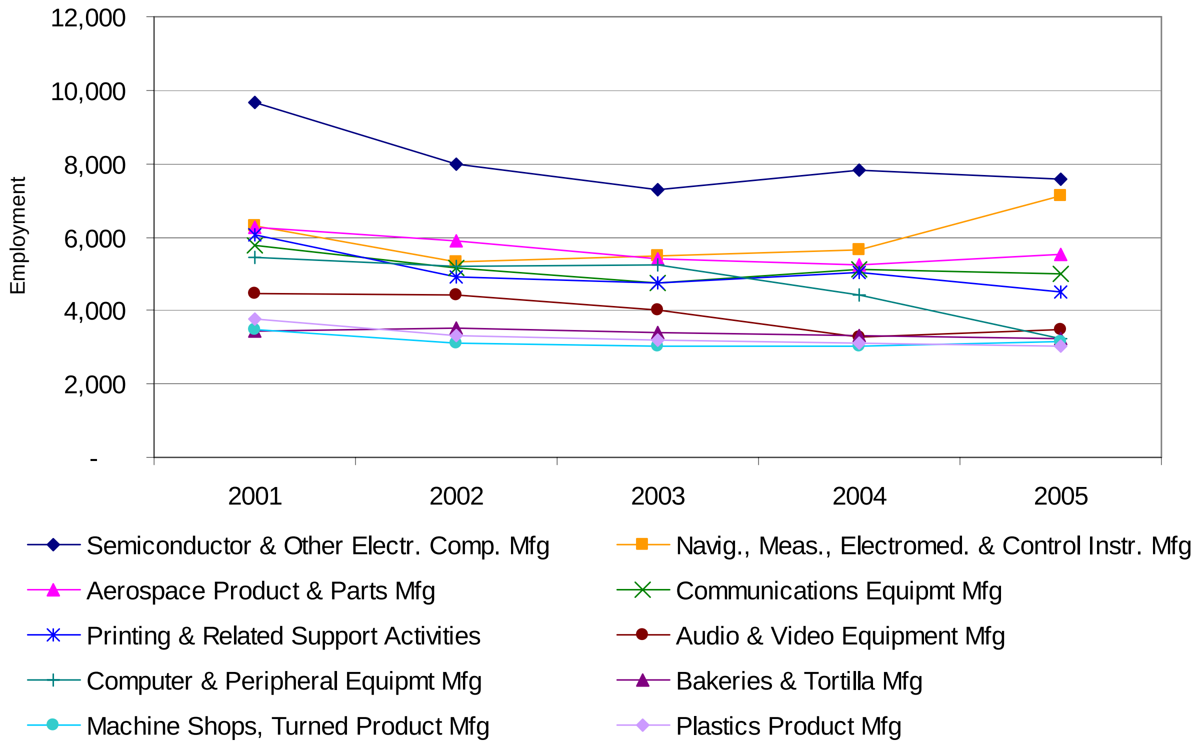
The Production component of the Manufacturing Value Chain provided over 79,300 jobs in 2005, or 57.4% of the cluster's jobs in 2005 and about 6% of all of the region's jobs. The sector experienced job losses from 2001 to 2005, declining by 14.6%. (Some employment was suppressed due to confidentiality, which affects the employment totals.)

Within Production, the largest industry is Semiconductor & Other Electronic Component Manufacturing, with almost 7,600 jobs in 2005; however, this industry reported job losses of 2,100 jobs, or 21.8%, from 2001 to 2005. The second largest industry is Navigational, Measuring, Electromedical, and Control Instruments Manufacturing, with over 7,100 jobs in 2005; this industry reported job growth of almost 900 jobs since 2001, up 13.5%. These were followed in employment size by Aerospace Product & Parts Manufacturing, with over, 5,500 jobs in 2005; and Printing & Related Support Activities, with over 4,500 jobs.

The fastest growing industry in Production, from 2001 to 2005, was Animal Slaughtering & Processing, up 898% (employment is suppressed for this industry, due to confidentiality). The second fastest growing industry was Paint, Coating & Adhesive Manufacturing, up 317.5%; this is a small industry, with just over 300 jobs reported in 2005.

Figure 56 shows the employment change from 2001 to 2005 for the ten largest industry groups within Production, based on 2005 employment. Employment change for all Production industry groups is presented in **Figure 57**.

Figure 56 Production Top Ten Industries Employment 2001-2005



The Southern Border Region has a lower concentration of Production jobs (1.2 LQ) overall than found at the statewide level; however, many industries within Production have higher concentrations, indicating a possible competitive advantage for the region in these areas. The highest of these include Engine, Turbine & Power Transmission Equipment Manufacturing (5.9 LQ), Audio & Video Equipment Manufacturing (4.5 LQ), Lime & Gypsum Product Manufacturing (2.4 LQ), Basic Chemical Manufacturing (2.1 LQ), and Communications Equipment Manufacturing (2.0 LQ).

Overall, the average annual wage for the Production industries was $57,834 in 2005, up from $49,591 in 2001 (up 7.8%), and is higher than the region's average wage for all private industry jobs ($42,485 in 2005). Within Production, the highest average annual wage was reported by Computer & Peripheral Equipment Manufacturing, at $95,808 in 2005. The lowest average wage was reported by Leather & Hide Tanning & Finishing, at $18,818, which is significantly lower than the regional average.

Figure 57 provides a summary of economic facts for the Production industries.

Figure 57 Manufacturing Value Chain - Production

NAICS	Industry	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
3111	Animal Food Mfg	100	-8.0%	0.3	$34,830	100.0%	100.0%
3112	Grain & Oilseed Milling	S	-38.9%	0.03	$34,089	S	S
3113	Sugar & Confectionery Product Mfg	300	14.1%	0.5	$30,799	100.0%	100.0%
3114	Fruit & Veg Presrv. & Spec.Food Mfg	300	-67.3%	0.1	$22,956	100.0%	100.0%
3115	Dairy Product Mfg	S	-6.5%	0.2	$49,929	S	S
3116	Animal Slaughtering & Processing	S	897.9%	0.5	$25,032	S	S
3117	Seafood Product Prep & Packaging	S	-2.1%	1.5	$57,199	S	S
3118	Bakeries & Tortilla Mfg	3,200	-6.0%	0.9	$25,031	97.0%	94.0%
3119	Other Food Mfg	700	12.8%	0.4	$34,819	100.0%	100.0%
3121	Beverage Mfg	1,200	-10.7%	0.4	$42,635	100.0%	100.0%
3122	Tobacco Mfg	0	N/A	N/A	N/A	N/A	N/A
3131	Fiber, Yarn & Thread Mills	S	-32.0%	0.3	$33,678	S	S
3132	Fabric Mills	200	46.8%	0.6	$31,238	S	S
3133	Textile, Fabric Finishing & Coating Mills	200	-41.6%	0.2	$32,961	100.0%	100.0%
3141	Textile Furnishings Mills	300	-3.0%	0.4	$28,200	100.0%	100.0%
3149	Other Textile Product Mills	800	-16.2%	1.2	$36,114	100.0%	100.0%
3151	Apparel Knitting Mills	500	-19.1%	1.3	$26,631	100.0%	100.0%
3152	Cut & Sew Apparel Mfg	1,700	-37.6%	0.3	$37,845	100.0%	94.8%
3159	Apparel Acces. & Other Apparel Mfg	200	-24.4%	0.6	$25,995	S	S
3161	Leather & Hide Tanning & Finishing	S	25.0%	0.4	$18,818	S	S
3162	Footwear Mfg	S	66.7%	0.1	$65,012	S	S
3169	Other Leather & Allied Product Mfg	200	-31.4%	0.8	$20,756	100.0%	100.0%
3211	Sawmills & Wood Preservation	S	188.9%	0.0	$36,223	S	S
3212	Veneer, Plywood & Eng. Wood Prod. Mfg	400	68.2%	0.6	$37,651	100.0%	100.0%
3219	Other Wood Product Mfg	800	-29.6%	0.4	$33,269	100.0%	100.0%
3221	Pulp, Paper & Paperboard Mills	0	-100.0%	N/A	N/A	N/A	N/A
3222	Converted Paper Product Mfg	1,100	-7.7%	0.5	$40,398	90.2%	90.2%
3231	Printing & Related Support Activities	4,500	-25.6%	0.9	$37,790	98.9%	95.6%
3241	Petroleum & Coal Products Mfg	100	11.1%	0.1	$42,288	100.0%	100.0%
3251	Basic Chemical Mfg	1,000	51.6%	2.1	$64,756	75.0%	75.0%
3252	Resin, Synth. Rubber, Artif. Fibers Mfg	100	-7.8%	0.3	$33,868	100.0%	100.0%
3253	Pesticide, Fertilizer & Other Agri. Chem. Mfg	< 50	-45.9%	0.2	$39,401	100.0%	100.0%
3255	Paint, Coating, & Adhesive Mfg	300	317.5%	0.6	$39,897	100.0%	100.0%
3256	Soap, Cleaning Compd, & Toilet Prep Mfg	500	-2.2%	0.5	$60,655	100.0%	77.8%
3259	Other Chemical Product & Prep Mfg	200	-41.8%	0.3	$51,587	100.0%	100.0%
3261	Plastics Product Mfg	3,000	-18.9%	0.7	$38,875	100.0%	87.1%
3262	Rubber Product Mfg	300	26.5%	0.6	$47,742	100.0%	100.0%
3271	Clay Product & Refractory Mfg	300	45.5%	0.7	$39,137	100.0%	100.0%
3272	Glass & Glass Product Mfg	500	4.7%	0.6	$36,403	100.0%	100.0%
3273	Cement & Concrete Product Mfg	1,800	9.5%	0.8	$47,875	100.0%	83.3%
3274	Lime & Gypsum Product Mfg	S	12.1%	2.4	$49,926	S	S
3279	Other Nonmetallic Mineral Product Mfg	900	63.4%	1.4	$31,786	100.0%	100.0%

3311	Iron & Steel Mills & Ferroalloy Mfg	S	-80.3%	0.0	$46,091	S	S
3312	Steel Product Mfg from Purchased Steel	300	-8.3%	1.1	$49,642	100.0%	100.0%
3313	Alumina & Aluminum Prodctn & Proc.	< 50	-55.1%	0.0	$20,901	S	S
3314	Nonferrous Metal Production & Proc.	200	-32.0%	0.6	$48,888	100.0%	100.0%
3315	Foundries	200	-20.9%	0.3	$40,498	100.0%	100.0%
3321	Forging & Stamping	400	26.4%	0.4	$45,783	100.0%	100.0%
3322	Cutlery & Handtool Mfg	200	-53.8%	0.8	$41,230	100.0%	100.0%
3323	Architectural & Structural Metals Mfg	2,300	-17.9%	0.7	$40,390	100.0%	89.8%
3324	Boiler, Tank, & Shipping Container Mfg	100	-38.3%	0.2	$40,643	100.0%	100.0%
3325	Hardware Mfg	300	12.5%	0.9	$48,489	100.0%	100.0%
3326	Spring & Wire Product Mfg	< 50	-50.5%	0.1	$37,097	100.0%	100.0%
3327	Machine Shops Mfg	3,200	-8.7%	0.9	$40,847	98.1%	93.9%
3328	Coating, Engraving, Heat Treatng Activ.	600	5.8%	0.4	$31,165	100.0%	100.0%
3329	Other Fabricated Metal Product Mfg	1,400	-12.7%	0.8	$51,058	100.0%	100.0%
3331	Ag, Construction, & Mining Machinery Mfg	100	-75.3%	0.2	$49,859	100.0%	100.0%
3332	Industrial Machinery Mfg	100	-52.5%	0.1	$39,648	100.0%	100.0%
3333	Commercial & Svc Ind. Machinery Mfg	2,200	-15.5%	1.6	$70,145	92.5%	92.5%
3334	Ventil., Heatg, Air-Cond & Refrig. Mfg	300	-31.8%	0.5	$52,180	100.0%	100.0%
3335	Metalworking Machinery Mfg	800	21.6%	0.7	$45,528	100.0%	100.0%
3336	Engine, Turbine & Transmissn Eqpmt Mfg	S	-10.9%	5.8	$87,006	S	S
3339	Other General Purpose Machinery Mfg	1,000	-45.6%	0.6	$48,307	90.9%	90.9%
3341	Computer & Peripheral Equipment Mfg	3,200	-40.8%	0.6	$95,808	91.3%	80.4%
3342	Communications Equipment Mfg	5,000	-13.3%	2.0	$89,148	81.8%	67.3%
3343	Audio & Video Equipment Mfg	3,500	-22.4%	4.5	$88,496	75.0%	75.0%
3344	Semiconductor & Other Elec Comp Mfg	7,600	-21.8%	0.8	$70,856	88.5%	80.0%
3345	Navigational, & Electr. Instruments Mfg	7,000	13.5%	0.8	$80,858	94.6%	85.3%
3346	Mfg & Reprod. Magnetic, Optical Media	300	-30.0%	0.4	$76,161	100.0%	100.0%
3351	Electric Lighting Equipment M Mfg	400	-12.9%	0.5	$50,063	100.0%	86.4%
3352	Household Appliance Mfg	S	-28.0%	0.4	$53,587	S	S
3353	Electrical Equipment Mfg	900	9.4%	1.2	$49,983	100.0%	100.0%
3359	Other Elec. Equipmt & Component Mfg	1,400	-30.6%	1.3	$51,150	85.7%	74.3%
3361	Motor Vehicle Mfg	S	-39.8%	0.1	$40,955	S	S
3362	Motor Vehicle Body & Trailer Mfg	200	-16.1%	0.2	$32,929	100.0%	100.0%
3363	Motor Vehicle Parts Mfg	900	-2.8%	0.5	$37,266	100.0%	100.0%
3364	Aerospace Product & Parts Mfg	5,500	-11.4%	0.9	$71,917	83.7%	83.7%
3371	Househld, Instit. Furn & Kit. Cabinet Mfg	2,200	-22.2%	0.6	$34,863	98.4%	95.6%
3372	Office Furniture (including Fixtures) Mfg	900	-34.2%	0.8	$41,542	100.0%	90.7%
3379	Other Furniture Related Product Mfg	600	-9.0%	1.0	$32,947	100.0%	100.0%
	Production Totals, Non-suppressed******	79,300	-14.6%	0.7	$57,834	**96.7%**	**92.0%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality, causing a high number of industries to report 100% of their firms with less than 50 or 100 employees than actually exist. "S" means all size of firm data was suppressed for that industry.
**** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

Logistics

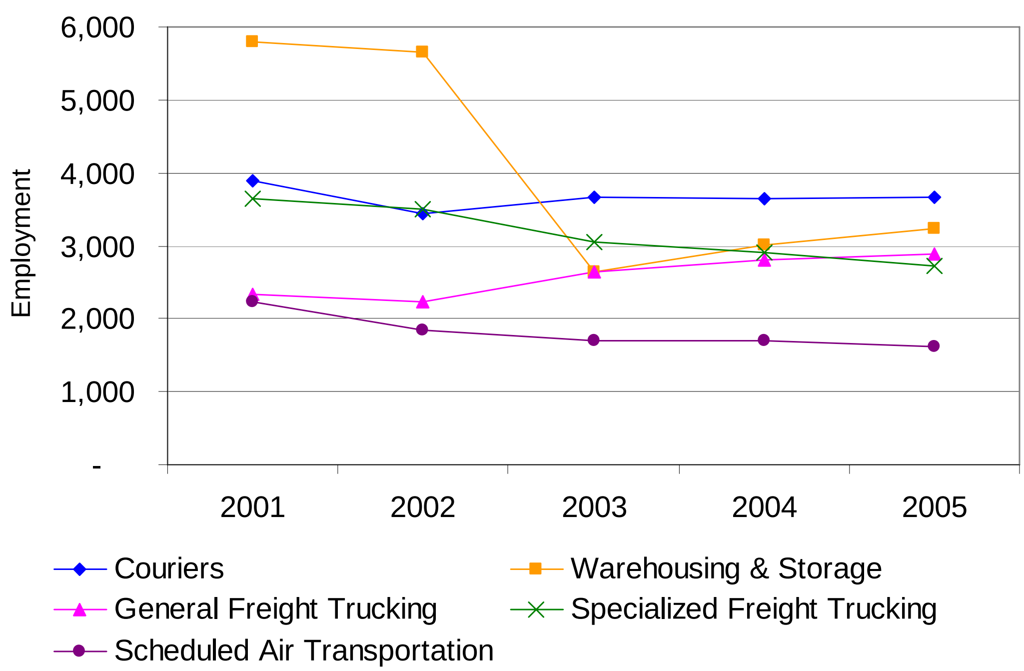
The Logistics component of the Manufacturing Value Chain provided 13.5% of the cluster's jobs in 2005, at over 19,800 jobs. Logistics lost about 3,200 jobs from 2001 to 2005, down 13.8%, led by losses in Warehousing & Storage.

Within Logistics, the largest industry is Couriers, providing almost 3,700 jobs in 2005; however, the industry experienced the loss of over 200 jobs, or 6%, from 2001 to 2005. The second largest industry is Warehousing & Storage, with over 3,200 jobs in 2005; this industry also reported job losses during this period, down almost 2,600 jobs, or 44%.

From 2001 to 2005, the greatest number of jobs gained was reported by General Freight Trucking, up almost 600 jobs. The greatest percentage of job growth (fastest growth) was reported by the Postal Service industry, up 392%. This is a very small industry, with less than 70 employees in 2005. (This employment count only includes private sector jobs. Postal Service is typically an industry classification used for the government sector; however, private firms can classify themselves as being in the Postal Service industry, as some have done here.)

Figure 58 shows the employment change for the five largest industries within Logistics, from 2001 to 2005.

Figure 58 Logistics Top Five Industries Employment 2001-2005



The Southern Border Region has a lower concentration of Logistics jobs overall (0.6 LQ) than found at the statewide level. Only the Support Activities for Air Transportation industry has a higher concentration (1.1 LQ) than the statewide level.

Overall, the average annual wage for the Logistics industries was $37,091 in 2005, up from $29,665 in 2001, an increase of 7.8%. Still, this is lower than the region's average annual wage for all private industry of $42,485. Deep Sea, Coastal & Great Lakes Water Transportation reported the highest average wage, at $73,196; this is a very small industry. Local Messengers & Local Delivery reported the lowest, at $23,628.

Figure 59 provides a summary of economic facts for the Logistics industries.

Figure 59 Manufacturing Value Chain - Logistics

NAICS	Industry	2005 Emplymt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
4811	Scheduled Air Transportation	1,600	-27.1%	0.4	$30,734	63.6%	27.3%
4812	Nonscheduled Air Transportation	200	19.5%	0.7	$52,722	100.0%	100.0%
4821	Rail Transportation	0	N/A	N/A	N/A	N/A	N/A
4831	Deep Sea, Coastal Water Transp.	< 10	-73.7%	0.0	$73,196	100.0%	100.0%
4832	Inland Water Transportation	0	N/A	N/A	N/A	N/A	N/A
4841	General Freight Trucking	2,900	23.6%	0.5	$34,062	98.6%	96.5%
4842	Specialized Freight Trucking	2,700	-25.4%	0.7	$36,472	100.0%	97.6%
4861	Pipeline Transportation of Crude Oil	0	N/A	N/A	N/A	N/A	N/A
4862	Pipeline Transp. of Natural Gas	0	N/A	N/A	N/A	N/A	N/A
4869	Other Pipeline Transportation	< 50	6.3%	0.5	$55,479	100.0%	100.0%
4881	Support Activities for Air Transp.	1,600	37.0%	1.1	$38,054	92.2%	84.3%
4882	Support Activities for Rail Transp.	S	S	0.4	$28,440	S	S
4883	Support Activities for Water Transp.	500	23.1%	0.4	$44,315	100.0%	100.0%
4884	Support Activities for Road Transp.	1,200	28.6%	1.0	$28,573	100.0%	95.4%
4885	Freight Transportation Arrangement	1,600	-3.7%	0.7	$39,187	100.0%	98.2%
4889	Other Support Activities for Transp.	100	1.9%	0.3	$36,423	100.0%	100.0%
4911	Postal Service	100	392.3%	1.0	$23,959	100.0%	100.0%
4921	Couriers	3,700	-6.0%	0.7	$35,325	93.3%	86.7%
4922	Local Messengers & Local Delivery	300	-40.1%	0.4	$23,628	100.0%	100.0%
4931	Warehousing & Storage	3,200	-44.0%	0.6	$46,217	100.0%	92.3%
	Logistics Totals, Non-supressed******	19,800	-13.7%	0.6	$37,091	**98.7%**	**95.2%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size of firm data was suppressed due to confidentiality, causing a high number of industries to report 100% of their firms with less than 50 or 100 employees than actually exist. "S" means all size of firm data was suppressed for that industry.
**** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

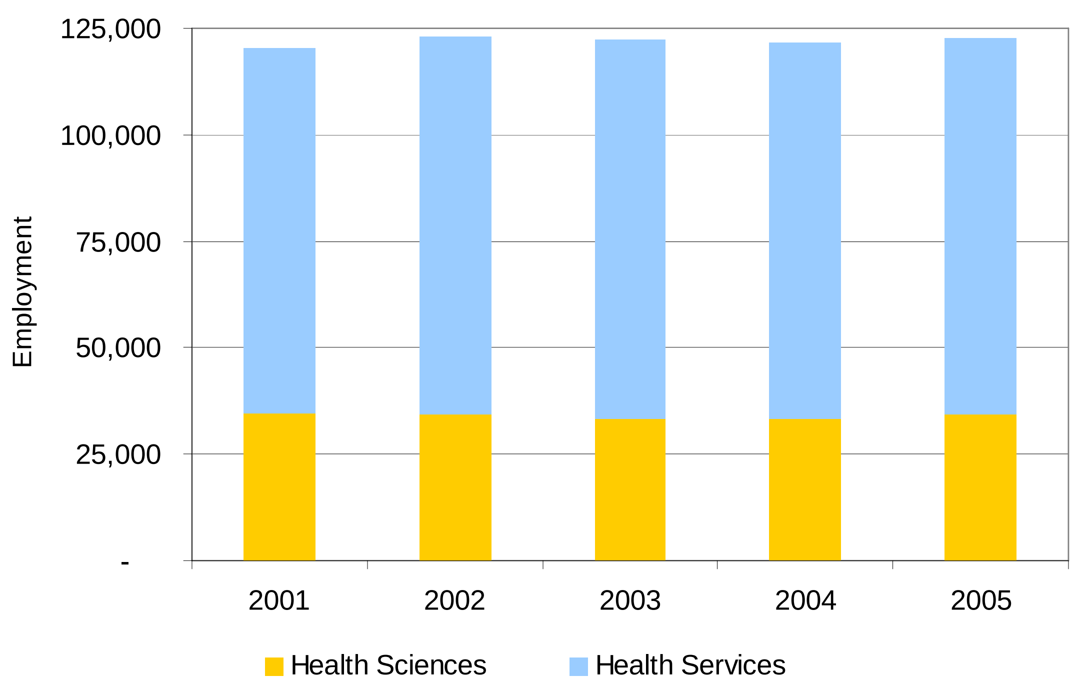
HEALTH SCIENCES & SERVICES

The Health Sciences and Services cluster integrates two critical components of the health industry: Health sciences include activities focused on the development of a body of knowledge through scientific research in medicine, pharmacology, biology, drug discovery, genomics, and many other areas. Health services focus on the delivery of health care to patients; employment in this sector is comprised of medical and support staff in many settings, including hospitals, clinics, care facilities, at home, and on-line.

The Health Sciences & Services cluster includes health care services, such as offices of physicians, dentists, other health practitioners and other outpatient care facilities; hospitals; laboratories; home health care; nursing care and other residential care facilities. It also includes community, emergency and other relief services; vocational rehabilitation services; and, death care services. Within health sciences, the cluster includes pharmaceutical and medicine manufacturing; medical equipment and supplies manufacturing; and, scientific research and development (R&D) services.

In 2005, the Health Sciences & Services cluster provided over 122,600 jobs, or 6.9% of all jobs in the region, and experienced overall growth of over 2,300 jobs, or 1.9%, from 2001 to 2005. The Health Sciences component of this cluster reported over 34,200 jobs in 2005, and the Health Services component reported almost 88,400 jobs.

Figure 60 Health Sciences & Services Employment 2001-2005



Size of Business

From 2001 to 2005, the percentage of Health Sciences & Services businesses with fewer than 100 employees changed only slightly, from 96.3% in 2001 to 97.1% in 2005. These businesses provided 41.8% of Health Sciences & Services employment in 2001, and 43.5% in 2005. In contrast, only 2.9% of the businesses in Health Sciences & Services employ 100 or more workers, and these businesses provide 56.5% of Health Sciences & Services jobs.

Figure 61 Distribution of Firms and Jobs in Health Sciences & Services by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment*
0-4	53.5%	5.3%
5-9	22.6%	8.1%
10-19	11.2%	8.1%
20-49	6.5%	11.2%
50-99	2.9%	10.8%
100-249	2.4%	19.3%
250-499	0.5%	10.0%
500+	0.4%	27.2%

* Percentages may not add to 100% due to rounding.

Businesses with fewer than 50 employees provided 32.7% of all Health Sciences & Services jobs in 2005; in comparison, businesses with fewer than 50 employees provided 43.9% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 13.4% of all Health Sciences & Services jobs, compared to 14.8% of all private industry jobs.

Health Sciences reported 90.7% of its firms as having fewer than 100 employees in 2005, while Health Services reported 97.9%. The percentage of Health Sciences & Services firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure 62**.

The Southern Border Region has a higher concentration of Health Sciences & Services jobs than found at the statewide level. Health Sciences has the highest concentration of the two components (2.1 LQ), giving the region a competitive advantage in this area.

Figure 62 provides a summary of facts for the Health Sciences & Services cluster components.

Figure 62 Health Sciences & Services

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
Health Sciences	34,200	-1.2%	2.1	$ 76,890	90.7%	83.2%
Health Services	88,400	3.2%	0.9	$ 43,845	97.9%	95.7%
Health Sciences & Svcs Totals	**122,600**	**2.0%**	**1.1**	**$ 52,784**	**97.1%**	**94.2%**

* Employment rounded to nearest 100. Total employment may not equal sum of components due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some employment by size of firm may have been suppressed due to confidentiality.

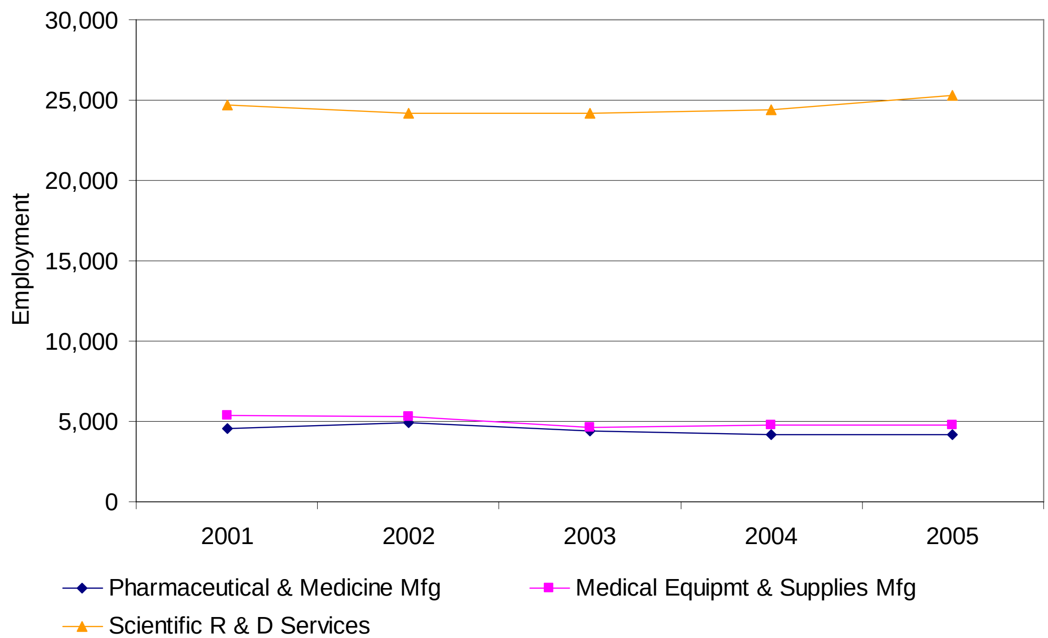
Health Sciences

Health Sciences is the smaller of the two components in the region's Health Sciences & Services cluster, reporting over 34,200 jobs in 2005. Health Sciences experienced job losses of 1.2% from 2001 to 2005, a loss of 400 jobs.

The largest industry group within Health Sciences is Scientific Research & Development Services, with almost 25,300 jobs in 2005. This was the only sub-sector within Health Sciences to report job growth from 2001 to 2005, up almost 600 jobs or 2.2%. During this period, Medical Equipment & Supplies Manufacturing reported the loss of almost 600 jobs (-10.9%), and Pharmaceutical & Medicine Manufacturing lost almost 400 jobs (-8.2%).

Figure 63 shows employment change for the Health Sciences industry groups from 2001 to 2005.

Figure 63 Health Sciences Industries Employment 2001-2005



The region has a higher concentration of Health Sciences jobs (0.8 LQ) than found at the statewide level, indicating a competitive advantage in this area. All three industry groups within Health Sciences reported concentrations higher than the statewide level; the highest concentration is found in Scientific Research & Development Services (3.0 LQ).

The average annual wage for Health Sciences was $76,890 in 2005, which represents an increase of 15.3% since 2001. The Health Sciences average annual wage is much higher than the regional average for all private industry of $42,485. Within Health Sciences, the highest average wage was reported by Scientific Research & Development Services, at $80,058; the lowest was reported by Medical Equipment & Supplies Manufacturing, at $58,993.

Figure 64 provides a summary of economic facts for the Health Sciences industries.

Figure 64 Health Sciences & Services Cluster - Health Sciences

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
3254	Pharmaceutical & Medicine Mfg	4,200	-8.2%	1.1	$ 78,324	89.1%	81.3%
3391	Medical Equipment & Supplies Mfg	4,800	-10.9%	1.1	$ 58,993	92.0%	89.0%
5417	Scientific R & D Svcs	25,300	2.2%	3.0	$ 80,058	90.6%	81.8%
	Health Sciences Totals	**34,200**	**-1.2%**	**2.1**	**$ 76,890**	**90.7%**	**83.2%**

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some size-of-firm employment was suppressed due to confidentiality.

Health Services

Health Services is the largest component of the Health Sciences & Services cluster. Health Services reported 88,400 jobs in 2005, an increase of over 2,700 jobs or 3.2% since 2001.

Within the cluster, the General Medical & Surgical Hospitals industry provides the most jobs, with almost 20,000 jobs in 2005. This industry experienced an increase of just over 600 jobs, or 3.2%, from 2001 to 2005. Second largest, Offices of Physicians reported almost 19,600 jobs in 2005, and experienced job growth of 700 jobs, up 3.7% during the period. The largest number of jobs gained by a Health Services industry group during this period was reported by Offices of Dentists, up 1,100 jobs. The fastest growth (greatest percentage of growth) was reported by Psychiatric & Substance Abuse Hospitals, up 96.7%.

Figure 65 shows the employment change from 2001 to 2005 for the five largest Heath Services industries. **Figure 66** shows employment change for the remaining industries. Two charts were used in an effort to make the charts easier to read.

Figure 65 Health Services Top Five Industries Employment 2001-2005

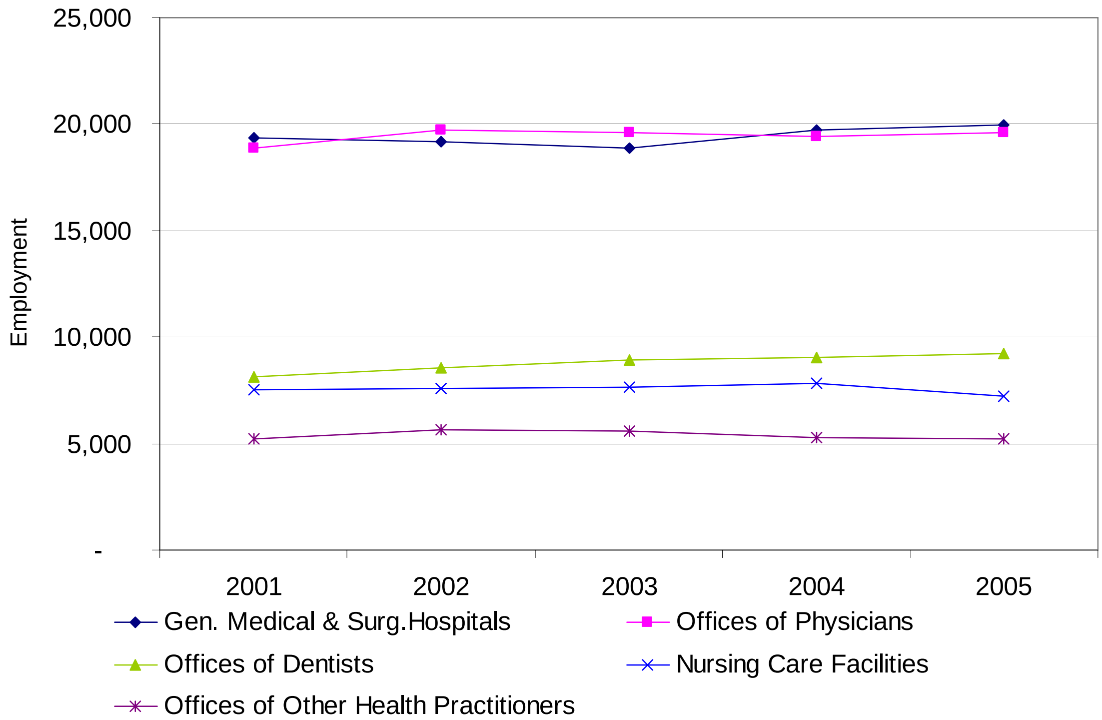
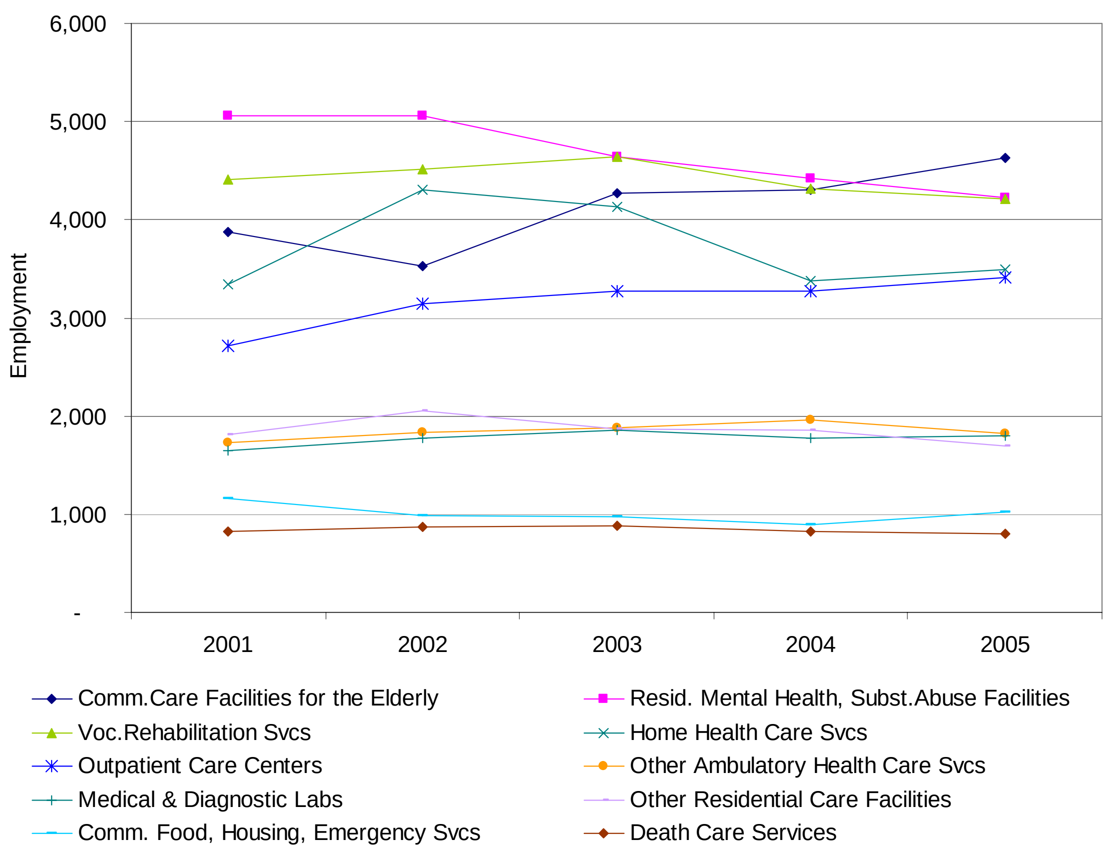


Figure 66 Health Services Remaining Industries Employment 2001-2005



Overall, the region has a lower concentration of Health Services jobs than at the statewide level; however, some industries within Health Services have a higher concentration. The highest of these is Specialty Hospitals (4.8 LQ), followed by Vocational Rehabilitation Services (1.4 LQ).

The average annual wage for Health Services was $43,845 in 2005, up $8,159 or 22.9% since 2001. Within Health Services, the Offices of Physicians industry reported the highest average wage of $68,886, while Vocational Rehabilitation Services reported the lowest average wage of $18,621.

Figure 67 provides a summary of economic facts for the Health Services industries.

Figure 67 Health Sciences & Services Cluster - Health Services

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
6211	Offices of Physicians	19,600	3.7%	1.0	$ 68,886	98.9%	97.6%
6212	Offices of Dentists	9,200	13.7%	1.0	$ 39,828	100.0%	100.0%
6213	Offices of Other Health Practitioners	5,200	0.5%	1.1	$ 32,101	99.3%	98.9%
6214	Outpatient Care Centers	3,400	25.4%	0.8	$ 37,264	98.4%	92.9%
6215	Medical & Diagnostic Labs	1,800	9.1%	0.8	$ 58,089	100.0%	97.5%
6216	Home Health Care Services	3,500	4.7%	0.8	$ 30,496	93.2%	81.4%
6219	Other Ambulatory Health Care Svcs	1,800	5.6%	1.0	$ 37,221	93.9%	81.6%
6221	Gen. Medical & Surgical Hospitals	20,000	3.2%	0.6	$ 49,942	66.0%	56.6%
6222	Psych. & Subst. Abuse Hospitals	S	96.7%	0.4	$ 37,935	100.0%	100.0%
6223	Specialty Hospitals	S	0.3%	4.8	$ 49,081	100.0%	100.0%
6231	Nursing Care Facilities	7,200	-3.8%	0.8	$ 26,196	59.7%	31.2%
6232	Residential Mental Health & Substance Abuse Facilities	4,200	-16.5%	1.0	$ 23,068	94.4%	89.8%
6233	Community Care Facilities for Elderly	4,600	19.5%	1.0	$ 22,967	94.0%	87.6%
6239	Other Residential Care Facilities	1,700	-6.2%	1.0	$ 24,385	96.0%	86.7%
6242	Community Food, Housing, Emergency & Other Relief Svcs	1,000	-11.4%	0.8	$ 27,754	100.0%	94.3%
6243	Vocational Rehabilitation Services	4,200	-4.5%	1.4	$ 18,621	96.0%	92.1%
8122	Death Care Services	800	-2.8%	0.9	$ 32,962	100.0%	95.0%
	Health Services Totals	**92,300**	**3.2%**	**0.9**	**$ 43,845**	**97.9%**	**95.7%**

* Employment rounded to nearest 100. Numbers may not add due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some data was suppressed due to confidentiality.

ALL GOVERNMENT

All Government includes federal, state and local government jobs. Jobs in public education are reported in the state and local government sectors. Government jobs also include defense (reported at the federal level), law enforcement, firefighting and public services.

All Government continues to provide the greatest number of jobs for the Southern Border Region, with 231,900 jobs for the region in 2005, or 17.1% of all jobs. From 2001 to 2005, All Government reported job growth of 2,000 jobs, or 0.9%.

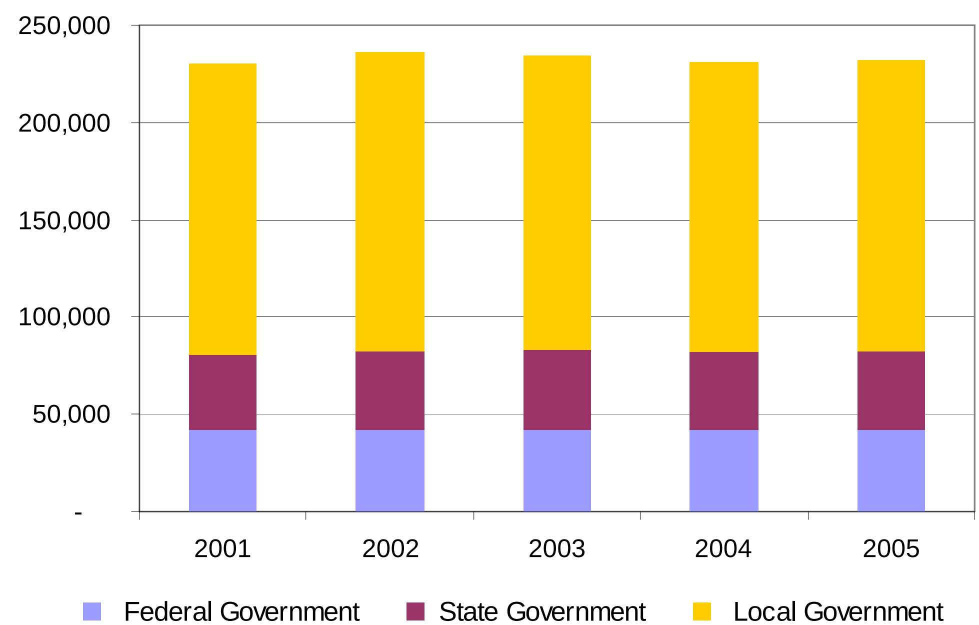
Local Government is by far the largest public sector, with 149,500 jobs in 2005. Federal Government reported 41,600 jobs and State Government, reported 40,800 jobs.

During this period, Local Government (including education) added 400 jobs from 2001 to 2005, up 0.3%; this was led by Other Local Government (non-education), up 3,900 jobs. At the same time, Local Government Education reported the loss of 4,100 jobs.

State Government (including education) also reported job growth, up 2,000 jobs, or 5.2%, which was led by growth in State Government Education. During this same time, Federal Government reported the loss of 400 jobs (-1%).

Figure 68 shows employment change for the federal, state and local public sectors.

Figure 68 All Government Employment 2001-2005



All Government average annual wages include the wages for a broad spectrum of jobs, including elected officials and executive branch, judicial, defense, law enforcement, firefighting, education and other public administration jobs. The sector's average annual wage for the region in 2005 was $46,966. Within All Government, the average annual wage for Federal Government was $60,985; the average for State Government was $42,666; and, the average annual wage for Local Government was $44,114.

The region has a slightly higher concentration of All Government jobs (1.1 LQ) compared to the statewide level.

Figure 69 shows employment for each level of government from 2001-2005.

Figure 69 All Government

	2001	2002	2003	2004	2005
All Government	**229,900**	**236,400**	**234,200**	**230,800**	**231,900**
Federal Government	**42,000**	**42,000**	**42,100**	**41,700**	**41,600**
Department of Defense	20,200	20,200	20,000	19,600	19,400
Other Federal Government	19,900	20,000	20,200	20,000	20,200
State Government	**38,800**	**40,400**	**40,800**	**40,700**	**40,800**
State Government Education	23,400	24,800	25,300	25,300	25,600
Other State Government	15,500	15,700	15,500	15,400	12,600
Local Government	**149,100**	**153,900**	**151,200**	**148,400**	**149,500**
Local Government Education	76,500	77,800	74,800	72,000	72,400
Other Local Government	61,000	64,100	64,300	64,600	64,900

Source: California Employment Development Department
Some government employment may be suppressed due to confidentiality requirements.

CONCLUSION

The Southern Border Region experienced overall job growth of almost 6% from 2001 to 2005, outpacing California as a whole and ranking third among the nine regions. Employment grew steadily, despite the 2001 recession. Also during this time, the region's population grew by almost 3%.

From 2001 to 2005, the region's traditional economic base experienced overall job growth of 1.1%, while other regions, including the Bay Area, Southern California and Greater Sacramento Regions, experienced job losses. Within the economic base, Professional, Business & Information Services, Tourism & Entertainment and Wholesale Trade & Transportation all reported growth.

The Southern Border Region has diversified its economy and developed a number of strengths that can provide a basis for future growth and prosperity. This includes the biotechnology industry and the region's world-class research and development programs; the technology-based industries involving communications, computers and electronics; the growing Professional, Business & Information Services sector; and, the strong Tourism & Entertainment sector. Many of these strengths are primarily found in the greater San Diego area. The Imperial Valley brings agriculture-related strengths in its potential for growth in food processing, applied biotechnology and renewable energy.[7]

Also, both counties in the region provide a number of Ports of Entry with Mexico, and have major transportation routes (road and railway) connecting the region to Mexico, Southern California and southwestern states. These strengths provide growth opportunities in the area of foreign trade, Wholesale Trade & Transportation, and logistics.[8]

Challenges for the region include affordable housing, land use issues, addressing slow growth in the standard of living[9], encouraging growth in high-wage and export-oriented jobs, and sustaining a workforce that supports the continued diversification of the economy and the growth in its key industries.

It will be important for policy-makers to respond to these challenges in ways that continue to nurture innovation and entrepreneurship, allow businesses to be globally competitive, and allow the workforce to compete for good wages and career advancement opportunities as they strive for a better quality of life. At the regional level, it will be important for policy-makers to recognize the differences across the region, such as the contrasts seen between the greater San Diego area and the Imperial Valley, and to incorporate responsiveness to those differences in regional planning and decision-making.

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[7] Sources: The Center for Continuing Study of the California Economy and the Imperial Valley Economic Development Corporation.
[8] Sources: The Center for Continuing Study of the California Economy and the San Diego Regional Economic Development Corporation.
[9] Source: The San Diego Association of Governments

TABLE OF FIGURES

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